

# SHOPPING CENTERS

*Locating Controlled Regional Centers*

EUGENE J. KELLEY

THE ENO FOUNDATION FOR HIGHWAY TRAFFIC CONTROL  
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## PREFACE

The locational processes used in selecting the sites of six of the largest operating and planned controlled regional shopping centers in the United States were studied in this investigation. The topic was selected for study because of its timely nature, the existence of growth forces favoring further development of regional shopping centers, and the availability of a body of social science literature on location theory.

Part I reports the results of a review of published materials on the location of economic institutions. It provides a basis for comparison of location theory and business practice. Part II describes the actual location procedures used by some prominent developers. Part III includes generalizations on regional center site selection and the significance of the regional center movement to marketing theory.

Thanks are due the developers and managers of the centers for their cooperation and free discussion of the factors determining the site selection decision for their centers. In addition, the graciousness of the publishers who gave permission for quotation of the copyrighted materials in Part I is appreciated. It is a pleasure to acknowledge my indebtedness to Dr. Lincoln Clark for guidance and counsel during the preparation of a dissertation at the Graduate School of Business Administration of New York University. This monograph is based on that dissertation.

EUGENE J. KELLEY

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*PART I*

**THE CONTROLLED REGIONAL SHOPPING CENTER  
MOVEMENT: SOME THEORETICAL CONSIDERATIONS**

## CHAPTER I

# THE PROBLEM

This is a study of the problem of locating controlled regional shopping centers.<sup>1</sup> Three questions were of primary concern.

What is the role of social science theory in CRSC site selection?

What are the procedures used in selecting a site for a CRSC?

What are the characteristics of a desirable site?

The locational processes used in selecting six of the largest controlled center sites in the United States were surveyed. The centers examined were: Shoppers' World, Framingham, Massachusetts; Cross County, Yonkers, New York; Roosevelt Field, Hempstead, New York; Garden State Plaza, Paramus, New Jersey; Bergen Mall, Paramus, New Jersey; and Northland, Detroit, Michigan.

The procedures listed below were used in the investigation.

1. Published materials relevant to the location of economic institutions and particularly retail institutions were reviewed.

2. The historical development of the regional shopping center movement was traced.

3. Methods used by marketing decision makers in selecting sites for CRSC were recorded. This information was obtained through personal interviews at the six CRSC.

4. Factors that developers of the six centers considered important in site selection were established. These factors are potentially useful in formulating a theory of location for shopping centers. The factors may also have applicability to the location of other marketing institutions.

*Importance of the CRSC.* The importance of controlled shopping centers to marketing was attested to by Brown and Davidson when they stated, "Probably the outstanding institutional development in retailing of the years following World War II has

<sup>1</sup>The term "controlled regional shopping centers" will hereafter be abbreviated to "CRSC," when appropriate.

been the completely planned, secondary shopping center."<sup>2</sup> These centers are shopping districts providing a balanced grouping of stores in suburban areas and an integrated plan with adequate parking and harmonious architectural treatment.

*Why have regional centers appeared?* The reasons for the emergence of large controlled centers have been suggested by Brown and Davidson and others. The centers evolved to meet the needs generated by changing environmental factors such as increasing urban population decentralization, increased use of the automobile, increased congestion in the downtown area of cities, the lack of economical and convenient parking provisions in the central shopping district, and changed consumer buying habits.

Gault stated "the past eight years (1946-1954) have been the most dynamic in the history of retailing."<sup>3</sup> He based this observation in large part upon the rapid development of two important, but unrelated movements in retailing. First is the phenomenon under study in this investigation; the establishing of many suburban shopping centers that threaten the "profitable existence" of the large downtown, centrally located department stores. Second is the rapid increase in number and size of supermarkets that are successfully selling non-food items. A large part of the success of both innovations may be traced to the widespread ownership of automobiles and good roads that enable most of the public to travel a considerable distance in making routine purchases.<sup>4</sup>

*Importance of location in retailing.* "There is no type of economic activity in which the location of establishments is more important than in retailing."<sup>5</sup> Yet, as suggested in Chapter II, few types of economic thought have been more ignored than location theory. It has been said often that when a merchant operates with the benefit of a location that is well suited to his type

<sup>2</sup> P. L. Brown and William R. Davidson, *Retailing Principles and Practices*, New York, Ronald Press, 1953, p. 11.

<sup>3</sup> E. H. Gault, "The Modern Supermarket—New Retail Giant," *Michigan Business Review*, July, 1954, Vol. VI, No. 4, p. 23.

<sup>4</sup> *Idem.*

<sup>5</sup> Brown and Davidson, *op. cit.*, p. 12.

of store, the advantage may be enough to overcome deficiencies in his merchandising capabilities. On the other hand, poor locations are a serious handicap to even the most competent manager.

Ratcliff took a stronger position on the importance of location in retailing when he held that to a large degree merchants succeed or fail as their locations are favorable or unfavorable.<sup>6</sup> Agreement among other marketing authors seems to be complete on the point that locational problems must be solved satisfactorily, or profits will not be maximized.

One practitioner's estimate of the importance of proper location to the success of the CSRC was reported in a newspaper interview. The developer of the \$15,000,000 Evergreen Plaza center, one of the largest shopping center developments in the nation, attributed the success of this center to two factors. One, "location is all important."<sup>7</sup> He stated ten years were spent before the Evergreen Plaza center site was finally selected. His other consideration was that merchant quality is also vital. The *Tribune* reported he has commented often that 100 top merchants could go out into a prairie and do business.

*Social aspects of location.* Less often recognized than the business implications are the social repercussions of unwise or inefficient retail locations. A poor location decision by an entrepreneur not only adversely affects his profit position but it decreases the effectiveness of his entire operation. Therefore it reduces the efficiency of marketing in the area over which the merchant has influence. Society bears part of the extra transportation and delivery costs, plus the loss in time brought about by an unsuitable location. Since a regional shopping center contains not one store, but from 40 to 100 or more, serving several hundred thousand people, the economic and social costs of inadequate CRSC site selection procedures can be large. For this reason the subject warrants the interest of those concerned with increasing the efficiency of marketing and reducing distribution costs.

<sup>6</sup> Richard U. Ratcliff, "The Problem of Retail Site Selection," *Michigan Business Studies*, University of Michigan, Vol. 9, No. 1, 1939, p. 66.

<sup>7</sup> Arthur Rubloff, interview reported in *New York Herald Tribune*, Real Estate Section, February 8, 1953, p. 1.

*Shopping center types.* There are hundreds of store clusters across the nation that are termed, by their sponsors at least, "shopping centers." Many of these developed in the suburban explosion following World War II. Most are small, consisting of a food market, drug, variety and a few other stores. They typically serve one neighborhood. A few centers are of the largest regional type.

For purposes of this investigation shopping centers are classified as either controlled or uncontrolled on the basis of ownership, integration and planning, and as neighborhood, community or district, suburban and regional, on the basis of size and the trading area served.

*Controlled and uncontrolled centers.* The retail decentralization movement resulted in the appearance of two distinct types of secondary shopping districts. The older more familiar type grew over the years as individual business men saw opportunities for profit by establishing additional shops in or near the shopping districts of established communities. The newer type is the controlled center: "initiated by a private or collective organization and so planned that all of its development may be regulated for the benefit of both the community and the center itself."<sup>8</sup>

*Characteristics of the controlled center.* Controlled shopping centers are considered to have the following characteristics:

1. Land on which the center is situated is owned by a single agency. Typically the buildings are also owned by the developer, and facilities leased to different retailers. Concessions in leasing might be made for department store tenants. The factor of single ownership means that an unusual measure of control of architectural, parking, service, and other features of the center by the developer is possible.

2. An assortment of different types of retail outlets offering a balanced representation of goods and services is featured. The stores are on one integrated site designed for one stop shopping at the level of trade area being serviced, i.e., neighborhood, community, suburban area, or region.

<sup>8</sup> John E. Mertes, "The Shopping Center—A New Trend in Retailing," *Journal of Marketing*, January, 1949, pp. 374-78.

3. Planning is done in advance of construction. The completed shopping center is designed as an integrated, harmonious unit; in effect as an efficient merchandising machine. The controlled shopping center is developed according to specifications prepared by architects, market analysts, and other types of consulting specialists.

On the basis of the trading area served it is convenient to distinguish four basic types of controlled shopping centers. These are the neighborhood, community or district, suburban or outlying central city, and regional centers.

*Neighborhood shopping center.* A neighborhood center has been defined as a center serving a minimum of 750 families, always containing a small supermarket and a drug store. In addition there will be several service stores such as a dry cleaner, beauty shop, shoe repair, laundry, barber, and possibly a variety store.<sup>9</sup>

Another definition of a neighborhood center categorizes such a center as having a core of food, drug and other stores dispensing mostly convenience goods and serving a trading population of 10,000 to 20,000.<sup>10</sup>

A third definition considers this type of center as being comprised of a supermarket with ten to twelve service shops selling convenience goods accounting for the other stores in the center. It is estimated that a minimum of 500 families is considered necessary to support a center of this size.<sup>11</sup>

In this investigation, a neighborhood shopping center is defined as one consisting of a group of seven to fifteen retail outlets, selling primarily convenience goods, and having a supermarket as its core. Such a center is considered to need a minimum of 750 families or 3,000 people to support it. Larger neighborhood centers may serve up to 15,000.

Store groups of six or less are more accurately described as small store clusters than as shopping centers.

<sup>9</sup> Geoffrey Baker and Bruno Funaro, *Shopping Centers*, New York, Reinhold Publishing Co., 1951, p. 10.

<sup>10</sup> Victor Gruen and Lawrence P. Smith, "Shopping Centers," *Progressive Architecture*, June 6, 1952, p. 71.

<sup>11</sup> "Neighborhood Shopping Centers," *Architectural Record*, December, 1947, Vol. 102, No. 6, p. 123.

*Community or district center.* Community or district centers serve a larger number of families than the neighborhood center. In addition to the stores included in neighborhood centers, the community or district center ordinarily contains such units as radio and television, children's specialty, gift, candy, liquor, restaurant, haberdashery, florist and women's apparel outlets. Older unplanned centers frequently had a theater. With television, theaters will probably be confined to the largest centers.<sup>12</sup> This type of center serves 20,000 to 100,000 and has a core of a large supermarket or a small department store.<sup>13</sup>

A community or district center is considered to serve a 15,000 to 30,000 population. It includes a complete range of convenience goods outlets, shopping and specialty goods stores emphasizing apparel and home furnishings, professional offices and usually a bank or bank branch. It is characterized by a greater depth of merchandise than the neighborhood center. The trading area served by these centers usually includes two or more neighborhoods representing a one to three mile trading area. Automotive traffic is more important than in the neighborhood center and parking facilities are generally provided. Sixteen to thirty-five stores were found in community centers visited by the author.

*Suburban or outlying central city center.* Suburban centers serve from 30,000 to 100,000 and are commonly built around a department store branch and several large supermarkets. Generally, except for unusual specialty items, an assortment of merchandise adequate to serve all needs of its population is offered. The centers typically serve one large suburban area, although specialty shops and department store branches may draw from greater distances. Twenty-five to fifty retail outlets typically comprise the suburban center. It draws most of its patronage from one or two large communities and the surrounding hinterland.

When the uncontrolled suburban or the outlying central city center serves over 100,000 it, because of its unplanned nature, begins to assume in miniature the retail structure of larger cities.

<sup>12</sup> Baker and Funaro, *op. cit.*, p. 10.

<sup>13</sup> Gruen and Smith, *op. cit.*, p. 71.

It tends to acquire its own "downtown" district and resultant problems. Some of these larger suburban centers become congested, particularly at peak periods, and lack adequate parking facilities. When this happens the suburban center loses some of its attraction as a site for additional department store branches. Increasingly, it is being challenged by the regional center.

*Regional center.* Regional centers are designed to serve from 100,000 to one million or more residing within 30 minutes driving time of the site. Included are one or two major department store branches in addition to convenience and specialty goods stores. Branches usually include 100,000 to 300,000 square feet of selling space. Regional centers offer the greatest variety of goods and services of all centers outside the central business district; a full line of shopping goods is featured. They are in effect decentralized equivalents of downtown centers. Forty to 100 or more stores are situated on at least 40-acre sites with parking spaces for more than 2,000 automobiles.

Early regional centers included one large department store, but some planners now advocate two or more in order to gain the beneficial effects of competition.<sup>14</sup> The department stores are typically supported by a wide selection of women's apparel stores. The regional center provides a wide and deep selection of fashion goods, home furnishings and household equipment. Patrons drive from comparatively long distances to shop. Customers may not shop as frequently as they do in the other types of centers.<sup>15</sup>

Hoyt defined a regional shopping center as consisting of department, apparel, household appliance stores, theaters, and restaurants. It requires a population of 50,000 or more in the trade area, with buying power of \$50,000,000 to \$100,000,000.<sup>16</sup>

Unless specified otherwise, the term "shopping center" when used in this study does not refer to neighborhood, community or suburban centers, nor to the so-called strip centers (Chestnut Hill,

<sup>14</sup> R. W. Welch, "Convenience is King in the Shopping Center," *Printers' Ink*, December 12, 1952, p. 51.

<sup>15</sup> Baker and Funaro, *op. cit.*, p. 10.

<sup>16</sup> Homer Hoyt, *Marketing Analysis of Shopping Centers*, Washington, Urban Land Institute, Technical Bulletin No. 12, October, 1949, p. 5.

Brookline; Miracle Mile, Manhasset), but to the fully integrated regional center.

*Location of CRSC.* Table I includes some controlled regional shopping centers in operation as of January, 1955. Table II lists some of the largest centers reported under construction as of that date. In addition, "dozens of regional centers are being developed or planned, and hundreds of smaller centers are under way."<sup>17</sup> An overall estimate was made by Smith of 2,000 centers of all types under construction, planned or recently finished.

Table I  
CONTROLLED REGIONAL SHOPPING CENTERS IN OPERATION  
JANUARY, 1955

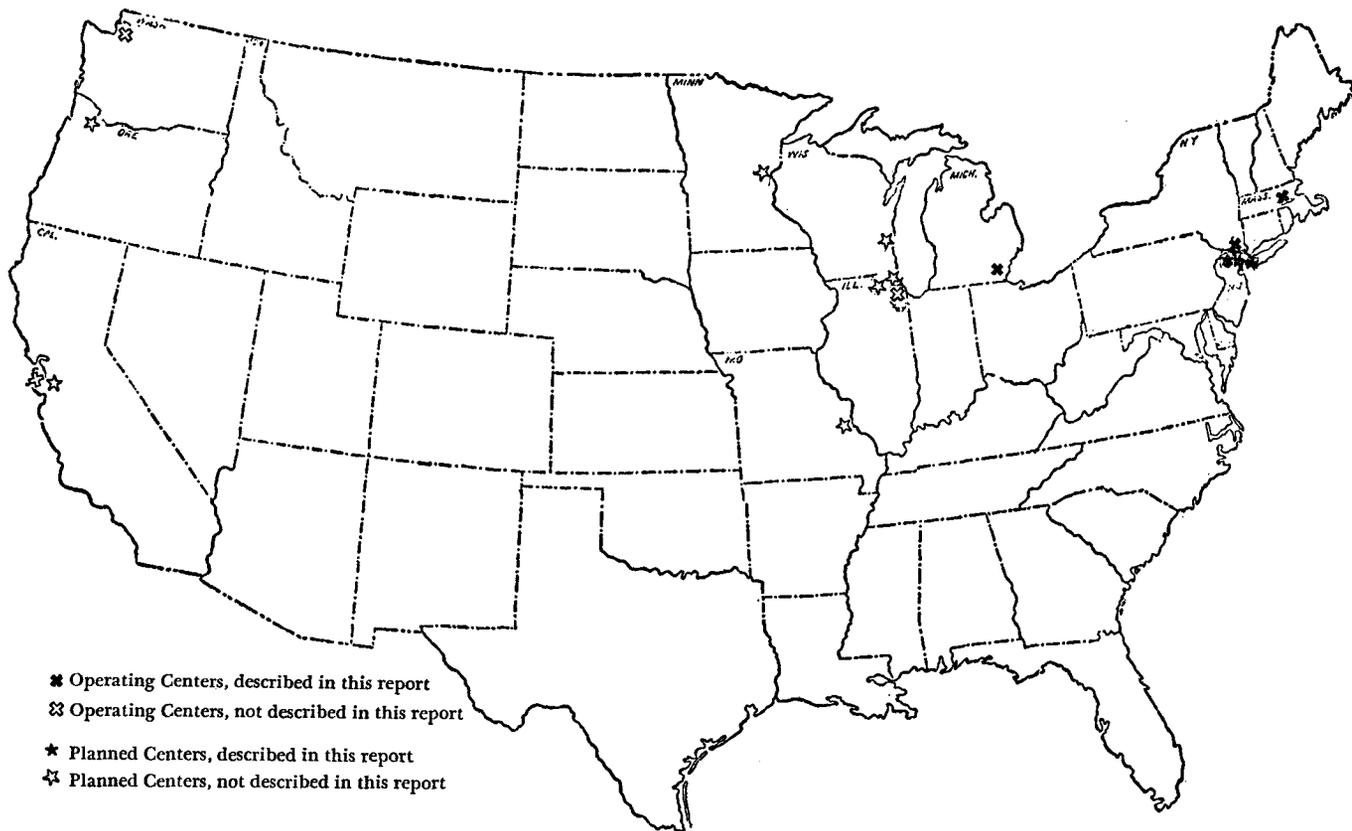
<i>Center</i>	<i>Location</i>	<i>Opening date</i>
Northgate	Seattle, Washington	1950
Shoppers' World	Framingham, Massachusetts	1951
Stonestown	San Francisco, California	1952
Evergreen Plaza	Chicago, Illinois	1952
Northland	Detroit, Michigan	1954
Cross County	Yonkers, New York	1954

Table II  
REPRESENTATIVE REGIONAL CENTERS IN ADVANCED PLANNING  
OR CONSTRUCTION STAGES JANUARY, 1955

<i>Center</i>	<i>Location</i>
Roosevelt Field	Hempstead, New York
R. H. Macy	San Leandro, California
Southgate, Mayfair, Capitol Court	Milwaukee, Wisconsin
Skokie	Chicago, Illinois
Old Orchard	Chicago suburb
Northland	Jennings, Missouri
Lloyd	Portland, Oregon
Garden State Plaza, Bergen Mall	Paramus, New Jersey
Lakewood	Los Angeles, California
Southdale	Minneapolis, Minnesota

The map on page 9 indicates the location of some centers listed in Tables I and II. There are international aspects of the

<sup>17</sup> Genevieve Smith, "Regional Shopping Grows Fast," *Printers' Ink*, Vol. 247, May 14, 1954, p. 37.



CRSC IN OPERATION AND SELECTED CENTERS UNDER CONSTRUCTION, JANUARY, 1955

large shopping center movement not shown on this map. Canada has a number of centers planned and under construction.<sup>18</sup> A center is being designed for a 24-acre site on the outskirts of Caracas, Venezuela. It will have some 300,000 square feet of store space and parking for 2,000 cars.<sup>19</sup> In Lynbaan, near Rotterdam in Holland, the first modern shopping center in Europe is in operation. It has 56 retailers and is located in an automobile free plaza in the downtown district.<sup>20</sup>

The six centers starred on the map were investigated in this study. They are described briefly below.

Shoppers' World is in Framingham, Massachusetts. This center, the first to open in the eastern United States, has 44 stores with 500,000 square feet of store space on a 70-acre site. It has parking facilities for 6,000 automobiles. (Chapter X)

Cross County is the first operating center of the four major centers ringing the New York area. This 70-acre center is in Yonkers at the southern tip of Westchester County. It has 15 buildings with 1,250,000 square feet of store space with parking for 5,200 cars. (Chapter XI)

Roosevelt Field, Hempstead, Long Island will have a Macy branch as the major tenant on a 122-acre site. There will be 100 stores and parking space for 10,000 cars when the center opens in 1956. (Chapter XII)

Garden State Plaza, Macy's Paramus CRSC, involves a 130-acre site, 1,500,000 square feet of store space, 10,000 car parking, two department stores and a complete line of 100 satellite stores. This center is situated where Route 17 crosses Route 4, less than a mile from Bergen Mall. (Chapter XIII)

Bergen Mall in Paramus, New Jersey, will be fully owned and operated by Allied Stores. It will have between 1,200,000 and 1,700,000 square feet on a 100-acre site. Two full line department stores and parking space for 8,000 cars are featured. (Chapter XIV)

Northland Center, Detroit, Michigan is owned by J. L. Hudson

<sup>18</sup> K. W. Walter, "Planned Retail Development," *The Business Quarterly*, University of Western Ontario, Vol. 18, Spring, 1953, p. 38.

<sup>19</sup> Smith, *op. cit.*, p. 38.

<sup>20</sup> *Business Week*, July 17, 1954, p. 106.

department store. The center features a J. L. Hudson branch. The center occupies 163 acres of a 409-acre site. Parking facilities exist for 8,841 cars. This center is the costliest and the largest of any CRSC now in operation. In 1954, it had 1,045,000 square feet of store space. (Chapter XV)

*Scope of the study.* This study is not concerned with problems of CRSC management, but only with the site selection process. The important later steps of site planning, architectural planning, tenant recruitment and selection, and operations are not covered. An abundant body of literature exists to guide retailers on store management. The basic principles of retail management apply to the merchant in a small store cluster and to one in the largest controlled center. But the literature on the location of marketing institutions is scant, and almost non-existent on the location of shopping centers.

The information concerning considerations and procedures involved in the site selection decisions for the centers was obtained through personal interviews with the decision makers and their associates at the six centers. In addition, briefer interviews were held with retailers and customers in controlled and uncontrolled centers.

The sample of six centers is not claimed to be statistically satisfactory as an adequate or proportional representation of the thirty or so centers available for study. What is claimed is that the study reports the site selection process of the six entrepreneurs as accurately as they were able to recall it after the fact. Because of various checks used during and after the interviews it is believed that the material presented in Part II resulting from these interviews is valid.

The six centers studied include a substantial segment of the regional shopping center industry. Together, the centers represent an investment of more than \$163,400,000 and consist of nearly 500 retail units.

*Monograph organization.* The monograph is organized into three sections. Part I, "The Controlled Regional Shopping Cen-

ter Movement: Some Theoretical Considerations.” This part implements the first two procedures of the study described on page one. The following three chapters in Part I treat various social science writings believed to be pertinent to an understanding of the social factors entering into marketing locational decisions. The contributions of the economist, geographer, and sociologist are discussed. The next four chapters consider the subject of the metropolitan economy and land use in this economy, the influence of transportation and suburbanization on the shopping center movement, and some historical perspectives on the regional shopping center movement.

Part I represents an application of historical rather than statistical research methods. Measurement in the area of location theory seems to have been affected adversely by technical difficulties common in many types of geographic analysis. Certainly the efforts of most theorists on this subject have been deductive in nature and not heavily dependent on statistical analysis. It was found that shopping center developers also made surprisingly small use of statistical methods in selecting sites.

Part II describes the “Locational Practices in the Controlled Regional Shopping Center Movement.” It reports the results of the third procedural step of the study. In this section the methodology of the investigation is described and the locational methods and practices used in locating the six centers are reported.

Part III, “Summary, Conclusions, and Factors Affecting Controlled Regional Shopping Center Location,” represents the fulfillment of the fourth procedural phase of the investigation. In this section the findings are summarized and factors affecting CRSC location are promulgated.

The organization into sections labeled “theory” and “practice” is largely for purposes of exposition. There is not the gap between theory and practice the arrangement might suggest. Indeed, such rigid distinctions are not consistent with either the aims and procedures of the study or the facts of the situation.

## CHAPTER II

# ECONOMISTS AND LOCATION THEORY

The problems of this study cut across many subject matter lines. Economists, geographers, sociologists, city planners, traffic engineers, and several other types of academic and commercial specialists may contribute to an understanding of the location of shopping centers. In this and the following two chapters, representative contributions of some of these specialists to location theory are surveyed.

*Theory in location.* Location theory in economics, like theories in other social science fields, is open to the criticism that it is based too much on "assumptions, deductions, and chance observations rather than flowing from carefully determined facts." This comment was offered by Woodbury "in no spirit of the old, threadbare theory versus practice controversy," for "as a matter of fact, so few competent studies have been made of decisions on industrial location that by no stretch of the imagination could their results be said to controvert or verify the theoretical formulations."<sup>1</sup>

Possibly because of the average practitioner's traditional suspicion of "theory," relatively few marketing policy makers concerned with locational problems have turned knowingly to even the limited body of theoretical material available to them. They have preferred to rely on empirical studies embodying the "practical" experience of others in those cases where they were not relying on their own experiences. Yet, some theoretical studies of social scientists do provide insight into current problems. This is so, even though location theorists have not concerned themselves specifically with problems of locating marketing agencies.

*Similarity of economic location factors.* An examination of the literature of economics, geography, management and marketing

<sup>1</sup> Coleman Woodbury, Ed., *The Future of Cities and Urban Redevelopment*, Chicago, University of Chicago Press, Copyright 1953 by the University of Chicago, p. 124.

revealed that the factors influencing the location and development of marketing agencies are roughly similar to those determining manufacturing locations. Considerations of markets, materials proximity, labor, taxes and regulations, transportation and the like operate in both industrial and commercial location problems. However, the relative importance of these factors is usually different.

Transfer costs loom largest in marketing activities. This is particularly true for wholesale and warehousing operations. With retail operations, the all-important locational consideration is finding the site that would attract the most customers by enabling shoppers to minimize transport costs. But the factors of transfer costs and customer convenience may be only of minor significance to a manufacturer locating a production operation.

Historically, location theory developed to explain concentrations of agricultural, then industrial production. Unlike agriculture or manufacturing, retailing tended to be dispersed wherever population existed. Today however, retailing is found in regularly occurring concentrations of shopping centers, many of which are of substantial size. A regional center is basically a planned concentration of retailers. This concentration is increasingly large enough to bear comparison with substantial industrial enterprises. This has been so for many years with central shopping districts. As more district, suburban, and regional centers develop, comparison of the factors influencing their density and location with those of commercial, agricultural, and manufacturing activities will likely become more valid.

In addition to its increasing concentration in trade centers, other locational points of comparison between modern retailing and manufacturing exist. Retailing is highly specialized, although not to the same extent as manufacturing or agriculture. But, just as a problem exists in determining the most suitable location for a steel mill or a shoe factory, so it exists for a convenience goods retailer versus a shopping goods retailer. Lastly, the average retail unit today represents a more substantial investment than previously so that careful site selection procedures are both possible and necessary.

*The economists' contributions.* Industrial location problems were of small concern to the early economists. When Adam Smith and his followers mentioned location at all, they were concerned with agricultural not industrial location.<sup>2</sup> There was little enough activity in manufacturing or distribution, aside from some processing of agricultural raw materials, to claim their attention. It was not until von Thunen that location theory was treated as a specialized branch of economic theory.

A helpful overview of the contributions of economists to the theory of location was presented by Isard who took contemporary theoreticians to task for neglecting the space element in their analyses of economic activity.

Theoreticians of today are chiefly preoccupied with introducing the time element in full into their analyses, and the literature abounds with models of a dynamic nature. Yet who can deny the spatial aspect of economic development; that all economic processes exist in space, as well as over time. Realistically, both time and space must be vital considerations in any theory of economy. Unfortunately, however, aside from those of the monopolistic competition school of thought, particularly Chamberlin, the architects of our finest theoretical structures have intensified the prejudice exhibited by Marshall. They continue to abstract from the element of space, and in doing so they are approaching a position of great imbalance.<sup>3</sup>

Isard restated and evaluated the contributions of several economists who pioneered in the study of location theory. His analysis substantially influenced the treatment of location theory in this chapter. The contributions of four economists to location theory seem outstanding. These men are von Thunen, Weber, Hoover, and Chamberlin.

*von Thunen.* The full title of von Thunen's work is "The Isolated State in Relation to Agricultural and Political Economy, of Investigations concerning the Influence Which Grain Prices, the Richness of the Soil, and Taxes Exert upon Tillage."

The features of von Thunen's model were a uniform plain with equal fertility and possibilities for agricultural production

<sup>2</sup> Adam Smith, *The Wealth of Nations*, New York, Modern Library, 1937 (originally 1776), pp. 381-383.

<sup>3</sup> Walter Isard, "The General Theory of Location and Space Economy," *Quarterly Journal of Economics*, Vol. 43, November, 1949, p. 476.

at all points, at the center of which lay a city possessing potential transport facilities of similar character in all directions. Production then aligned itself around the city in rings in accordance with the price and transport cost of each particular product cultivated.

Let us imagine a very great city set in the midst of a fruitful plain. . . . The plain itself consists of like land, which is everywhere adaptable to cultivation. Far removed from the city, the plain ends in an uncultivated waste which separates this state from the world without. There is no other city. . . . Now the question arises; how will agriculture shape itself under these conditions, and how will the greater or less distance from the city affect tillage if it is carried on with the greatest skill and care?

Under these assumptions, von Thunen concluded:

In general it is clear that in the vicinity of the city such products must be raised as have a great weight in proportion to their value or are very bulky, and whose cost of transportation to the city would be so significant as to prevent their production in further regions; so also with perishable products which must be fresh for use. Products of higher specific value would be drawn from greater distances.

On this ground alone, pretty sharply drawn concentric circles will be found about the city within which this or that crop will form the chief product.<sup>4</sup>

In this circle, the land was the chief object of economy, while labor was relatively less important. von Thunen made his estate, Tellow, the basis for the greater part of his calculations. A large part of his volume was a study of how the economy of this estate would vary with distance from the imaginary city.

von Thunen is generally considered to be the father of location theory for he progressed somewhat toward a general locational analysis. However, his work is considered quite restricted compared to Weber's.

*Weber*. "The first attempt to construct a general location theory was attributed to Alfred Weber in his Chapter VII, 'Manufacturing Industries Within the Economic System.' It is probable that Weber made one of the most significant studies of industrial location."<sup>5</sup> His work is, as he planned, a beginning rather than an end. His analysis is based on costs of two distinct types.

<sup>4</sup> Lewis H. Haney, *History of Economic Thought*, New York, The Macmillan Company, 1936, 3rd edition, pp. 362-64, quoting von Thunen's *Isolated State*.

<sup>5</sup> Isard, *op. cit.*, pp. 479-80.

The first type consisted of primary costs of raw materials, transportation, and fuel, which he concluded were responsible for locating industries within large regions. The second dealt with miscellaneous economic factors which localized industries in specific subregions and districts within the confines of large regions.

Weber's method was to inquire into the forces that came into operation when a people occupy an undeveloped country and establish an isolated economic system. He "pursued an essentially evolutionary approach . . . by trying to develop the general basis upon which any given historical system orients itself, or in other words, a theory of the transformation of locational structures."<sup>6</sup>

He imagined an open country that was being settled by an agricultural population. First this agricultural stratum formed to produce the needed means of subsistence. This agricultural area served as the geographical foundation for all other strata. It determined, for example, the place of consumption for the second stratum, i.e., the primary industrial stratum, which produced for the agricultural stratum. Then, in turn, the primary industrial stratum served as the geographical sphere of consumption, namely, the secondary industrial stratum. The third actually consisted of numerous substrata, each of which was oriented to and was smaller than the preceding one, the first being the only one directly oriented to the primary industrial stratum. These three strata together formed the core of the economic system. Weber placed the mass of local tradesmen, engaged in the process of circulation and in performing personal services, through the different parts of his system.

Two more strata existed. The fourth was the central organizing stratum. This was made up of management, professionals, officials, and of people living on accumulated wealth. Their particular pattern of locations within the system was determined not by economic forces but by others. The fifth and last was the central dependent stratum. This was formed and tied to the central organizing stratum in the same way as the secondary industrial to the primary industrial stratum.

<sup>6</sup> From introduction by Carl J. Friedrich, to Alfred Weber, *Theory of the Location of Industry*, Chicago, University of Chicago Press, 1929.

According to Weber, the locational structure of these strata was interrelated with various forces playing back and forth among them. For example, while the agricultural stratum appeared in the system first, as cities were formed in response to industrial development, the agricultural stratum was rearranged.

Weber's basic contribution was in recording the interrelations of the various strata, with some of the reactions of one stratum on another. He did not get at the rules governing structure for any particular stratum.

Weber, in common with other economic theorists, viewed space only as a hindrance to the efforts of social systems (industries) to operate economically. His locational factors were of three basic kinds: (a) places of consumption; (b) transportation costs, which in turn were reduced to weight of goods and raw materials and distances to be traversed: and (c) labor costs at different places. Throughout his analysis the first factor, place of consumption, was assumed to be constant. The other two factors were the variables with which he operated. Essentially his method consisted of holding one locational factor constant and then deducing from his premises how industry would locate in terms of the variable factor. This he called the method of isolation.

He stated the processes of each industry would tend to place it at some location at which the total transportation costs would be minimized. This force established a basic pattern as created by the particular locational factor, transportation costs. Labor costs then entered the analysis as a force tending to distort the pattern according to the proportion labor costs were of the total costs.

As a result of the operation of these locational factors there were set into motion two kinds of secondary locational forces, the agglomerative forces and the deglomerative forces. The first came from advantages which accrued to an industry, in the way of better market connections and lower overhead costs, through being close to other industries, economy of management, and cost of rent due to competing use of the land. The end result of these forces was a spatial agglomeration of industries within certain areas. Continued spatial agglomeration reduced aggregate costs of an industry to a certain point, but beyond this point the added

rent which the desired area could command as a result of the agglomeration outweighed the gain attending convenient location. Thus a deglomerative force was created. When the deglomerative force exceeded the agglomerative there was a tendency for a given industry to move outward from the place of concentration.<sup>7</sup>

Weber stated the law that an industry tended to locate where its total transportation costs were minimized. This was to be determined mathematically by a process which he outlined. While his methods cannot be applied directly to the American economy, they do serve as a point of departure for further work, and have served to interest other economists in locational problems. Consider Weber's law of the minimization of transfer costs. A conclusion drawn from the present investigation is that a major attraction of the new shopping centers is that customers are enabled to minimize their transport costs in the sense of reducing time and energy expended in shopping. This is a modern use of the transfer cost concept first propounded by Weber.

Other Germans who preceded Weber and particularly influenced him, were Launhardt, Roscher, and Schaffle. Weber was followed by Engländer and Ritschl who elaborated and developed in other directions his evolutionary approach, but made "no essential advance" in Weber's technique of general analysis.<sup>8</sup>

Isard described Weber's technique as "inadequate." "It does not present any general, heuristic principle by means of which one can order the spatial complexities involved in the total location of economic activities."<sup>9</sup> Weber merely recorded the interrelationship of the various strata and some of the reactions of one stratum upon another. Weber did furnish later theorists with a convenient and meaningful breakdown for studying the historical sequences of location structures and for classification of facts.

Today, aside from Weber, the older economists most quoted on location are Predohl and Lösch. Predohl's main point was:

Economic activity locates in terms of all the spatially contingent means of production so as to achieve whatever ratio of costs as between these productive means will comport with a minimum total cost. This, Predohl indicates,

<sup>7</sup> Weber, *op. cit.*, Chapter V.

<sup>8</sup> Isard, *op. cit.*, p. 481.

<sup>9</sup> Isard, *op. cit.*, p. 481.

follows from the substitution principle, according to which no productive means will long be applied to an end which yields less net returns than would another end. Apart from this stress upon the substitution principle Predohl's theory differs little from the essential features of Weber's system.<sup>10</sup>

The following comments from Isard suggest Lösch's contribution:

In Lösch's monumental work, *Die Raumlische Ordnung der Wirtschaft*, he goes beyond partial analysis and mere recognition of the complex spatial interrelations of economic factors. He presents succinctly through a set of elementary equations a highly simplified static model of a space economy operating under conditions of monopolistic competition.<sup>10a</sup>

A major contribution of Lösch's was his convincing argument that the location of economic activities is an orderly process, subject to measurement.

These writers first investigated an area of economics which now shows signs of becoming a part of modern economic theory. However, considering their methods and their times it is not altogether surprising that modern marketing decision makers have not turned to these authors for guidance on problems of locating regional shopping centers in the 1950's. Then, what have modern economists contributed to this body of knowledge?

"The literature of industrial location is not very impressive. On the whole the subject has received relatively little study from economists or others in English speaking countries." Woodbury stated, "most of the scholarly work in this subject has been done by Germans, and relatively little of it has been translated into English."<sup>11</sup>

*Hoover.* The most satisfactory summary of current economic location theory conveniently available is Hoover's "The Location of Economic Activity."<sup>12</sup>

Hoover assumed that people concerned with locating industries

<sup>10</sup> Walter Firey, *Land Use in Central Boston*, Cambridge, Harvard University Press, 1947, p. 29, citing Andreas Predohl, "The Theory of Location in its Relation to General Economics," *Journal of Political Economy*, June, 1928, pp. 371-390.

<sup>10a</sup> Isard, *op. cit.*, p. 495, citing August Lösch, *Die Raumlische Ordnung der Wirtschaft*, Jena, Gustav Fischer, Verlag, 1940, 1st edition.

<sup>11</sup> Woodbury, *op. cit.*, p. 118.

<sup>12</sup> Edgar M. Hoover, *Location of Economic Activity*, New York, McGraw Hill Book Company, 1948.

first are interested in finding locations that will be most favorable from a profit point of view. That is, they will try to find locations that will help to keep industrial expenses at or near a minimum and income at or near a maximum. This has to be done in an economist's world where the essentials of industrial production—raw and semi-finished materials, power, labor and markets, both consumer and industrial—are unevenly distributed. Hoover believed the crux of the problem of location was, therefore, for each plant or enterprise to find a location that represents a most favorable combination of adequate but low cost components of production with high return markets. This should be done for both the present and, as far as can be predicted, the future.

Admittedly industrial location decisions, like most other human efforts, fall short of this ideal. Times and conditions change, and industries because of high fixed investments can not easily or do not move from locations that have become less than ideal for them. Also, tradition, personal preferences, and accidents often influence initial locations when a scientific analysis would indicate superior alternative locations. Yet, with these qualifications, the maximum profit assumption is the first premise on which his theory of industrial location is based.

Two broad types of expenses crucial to the location decision were recognized. The first are processing costs. These are the expenses of shaping, assembling, and transforming materials into an industry's product. The second are transfer costs. These include expenses incurred in buying and bringing materials and supplies to the plant and in marketing the product. The relative importance of these two types of cost varies greatly from industry to industry. For distributive agencies, however, the structure of transfer costs has more influence on current decisions as to industrial location than do processing costs. Transfer costs are dependent not only on distances of the plant from materials and purchasers, but also on the structure of rail, truck, water, and air transport charges, including handling and terminal expenses.

Hoover identified four major types of industries: material oriented industries, that is, those in which the costs of buying and transporting materials are large and that, therefore, tend to

be located relatively near sources of supply; market oriented industries; labor oriented industries; and foot-loose industries in which neither material nor distribution costs are predominant. He stressed the first two types.

Most of the book does not have specific application to the problems of this investigation. It is suggestive, however, and even stimulating on related aspects of the locational organization of economic activity. Hoover develops ideas on the selection of locations for private and public facilities, land utilization in metropolitan and regional planning, and programs of industrial development and stabilization at local and national levels.

His general method was to consider first the factors determining the relative advantages of the individual enterprise. Under this, he discussed two main elements: access to suppliers and to markets, and production costs. In a section on characteristics of the geography of cities he considered the role of accessibility and of other features of urban sites. Then he treated the problems of locational change and adjustment, the locational significance of boundaries, and aims and methods of public locational policy.

The emphasis throughout was on factors that determine the location of individuals and firms as producers. "Producers' motives are much more significant than consumers' motives in shaping the over-all distribution of activities."<sup>13</sup> Partly due to this orientation only about ten pages are given to the subject of the location of distributive agencies and retail trade in general.

The following quotations indicate his viewpoint and approach on the specified issues.

#### On market oriented industries:

Businesses that produce or handle goods for final consumption usually locate primarily with an eye to distribution. . . . For any line of business in this category, the first approximation to an index of potential sales in an area is simply the aggregate income of the people there.

#### On the trading area of a community:

A community has at least as many "trading areas" as it has industries. But if we were to map out all these areas around some representative community and arrange them in order of size, they would probably not show a smooth

<sup>13</sup> Hoover, *op. cit.*, p. 5.

continuous distribution of sizes. Instead, certain boundaries would recur especially often; most of the community's trade areas would coincide fairly well with one of a small number of characteristic types.

On location patterns within urban and metropolitan communities:

Businesses requiring frequent direct contacts with the local population are those most forcibly drawn to the main focus of intercity transport. This includes banks, offices, newspapers, and outlets for shopping goods at retail or wholesale. The important thing for these is to be accessible to the largest possible number of people during the daytime.

In the less specialized branches of trade and service, centripetal attraction is weaker and the individual stores . . . can get along outside the main shopping center on the basis of easier access for the buyers of one part of the city.

The main components of city structure are:

a. Activities that must be located on rail or water terminal facilities and are therefore strung along the network of such facilities, with the larger establishments generally farther out.

b. Highly centripetal "downtown" establishments, which cluster near each other and in the area affording best access to the city as a whole.

c. Light industry, unspecialized commerce and residence, which occupy those parts of the urban and suburban area not preempted by a and b.

d. Convenience goods establishments . . . which are distributed at important intersections and along principal streets in all parts of the city approximately in proportion to sidewalk traffic between home and work.

On the causes of urban blight:

There are at least three reasons for aggravation of blight in urban areas. One is the vertical diversion of expansion in the urban core . . . A second . . . is the slackening in the growth rate of cities as a whole . . . The third and probably the most important factor explaining urban blight in the last generation is the development of automobile transport. The great flexibility of this new means of freight and passenger transport gave businesses of all kinds more latitude in their location relative to materials, markets, and labor supply.

On social and political aspects of decentralization:

Diversification involving moderation of the urban-rural contrast is particularly significant from a broad social point of view. Many would support the idea that the most wholesome sort of settlement lies between the extremes of metropolis and farm, that a "mixed" environment providing contact with both may offer the individual many of the better features of each while avoiding the evils of urban rootlessness and rural provincialism.<sup>14</sup>

<sup>14</sup> Hoover, *op. cit.*, pp. 121-290.

*Chamberlin.* Chamberlin did not attempt to develop a theory of industrial location but he offers a useful tool of analysis to explain the importance of differentiated sites. The tool is monopolistic competition. With the development and acceptance of the concept of monopolistic competition as a model between the two earlier classical positions of perfect competition and monopoly, the usefulness of present day economic theory in formulating a theory of retail location has been enhanced.

Chamberlin was first to call attention to the involved interplay of competitive and monopolistic forces which arose from the differentiation of the product.

A general class of product is differentiated if any significant basis exists for the distinguishing of the goods (or services) of one seller from those of another. Such a basis may be real or fancied . . .

Differentiation may be based upon certain characteristics of the product itself . . . It may also exist with respect to conditions surrounding its sale.<sup>15</sup>

In retail selling, Chamberlin cited such factors as the convenience of the seller's location, general tone or character of his establishment, the retailer's way of doing business, his reputation for fair dealing and efficiency, and the personality of the merchant. Where any one of these elements in one seller's position is different from that of another, the product sold is different, though the same assembly line produced both.

When a consumer purchases a pair of shoes, she buys more than the physical pair of shoes. She purchases a whole package of utilities including a convenient and comfortable fitting, counseling, advice, and friendly service. All of these utilities are intimately interrelated though the consumer may not consciously separate them. This study is concerned with only one set of utilities, those accruing from a favorable spatial position in the market.

Monopolistic elements such as those cited above exist in nearly all phases of the economy.

. . . it is evident that virtually all products are differentiated, at least slightly, and that over a wide range of economic activity differentiation is of considerable importance.<sup>16</sup>

<sup>15</sup> Edward H. Chamberlin, *The Theory of Monopolistic Competition*, Cambridge, Harvard University Press, 1947, p. 56.

<sup>16</sup> Chamberlin, *op. cit.*, p. 57.

To the extent that through locational advantages or promotion or something else, consumers believe goods are not similar and completely substitutable; to the extent they are differentiated successfully, one of the basic conditions of pure competition is weakened. The seller who has differentiated his product achieves a monopolistic advantage. Naturally, most business men are actively engaged in achieving this objective. Economic theorists may view the controlled shopping center movement in terms of entrepreneurs' attempting to achieve positive differentiated locational advantages accruing to particular sites offering such features as convenience and parking. If the consumer believes these advantages differentiate meaningfully the products of retail sellers, the retailers have achieved certain monopoly advantages.

Chamberlin applies the term "spatial monopoly" to that control over supply which belongs to a seller by virtue of his location.<sup>17</sup> The shopping center movement offers further proof that availability of merchandise at one location rather than at another is of consequence to the consumer. Merchandise sold at CRSC is differentiated spatially from similar merchandise sold in the central business district. Spatial differentiation of merchandise is the basic strength of the controlled shopping center movement.

In differentiating the circumstances surrounding the sale of standardized products, both monopolistic and competitive elements are utilized.<sup>18</sup> The monopolistic element of retail selling is, each product is distinguishable from other products by the individuality of the store in which it is sold. Yet, any product sold at retail is subject to the competition of other products sold at other locations and under different circumstances. This is its competitive aspect. Chamberlin shows that in retailing both monopolistic and competitive elements are always present. He defines the problem of pure spatial competition quite simply, maintaining that just as a seller's market varies depending upon the price he sets, so too it varies with the location he chooses. For people buy not only where prices are cheapest; they also trade at the most conveniently located shops.<sup>19</sup>

<sup>17</sup> Chamberlin, *op. cit.*, p. 63.

<sup>18</sup> Chamberlin, *op. cit.*, p. 63.

<sup>19</sup> Chamberlin, *op. cit.*, p. 237.

*Situs in theory.* Use of the concept of product differentiation makes it possible to understand and explain the importance of situs to merchants. The concept is also helpful in integrating into location theory the attractions and strength of controlled shopping centers.<sup>20</sup>

Since manufactured products will probably continue to be quite comparable physically, effective differentiation at the retail level will continue to influence the shopping habits of many customers. Merchants and manufacturers recognizing this, are likely to increase their efforts to differentiate their products by offering them in the most favorable locations possible. This generally means the locations most convenient to large groups of customers. Thus, differentiated products enjoying spatial monopolies replace the standardized, homogeneous products of classical economic theory in the calculations of traders in the modern market.

*Reilly's Law.* The theoretical formulation most applied by businessmen concerned with locating regional centers was developed by a marketing scholar. Reilly discovered from a three-year national study of the dynamics of retailing which began in 1927, that retail business gravitated from smaller cities and towns to larger cities in accordance with a definite law. Reilly based his law of retail gravitation on two simple rules. The first is that the larger the city the more outside trade it will draw. The second rule is that a city draws more trade from nearby towns than it does from more distant ones.

Reilly's contribution was providing a quantitative measure of how fast trade increases as the population of a city increases. He discovered that outside trade increases at about the same rate as the population of a city increases. That is, a city with five times the population of another city will draw five times as much retail

<sup>20</sup> The importance of this general concept of differentiation in our culture has been marked by writers in fields other than economics. Riesman observed for instance, that there exists in the production of personality the same sort of product differentiation that is characteristic of monopolistic competition generally. He maintained that people who are competing for jobs in the hierarchies of business and the professions try to differentiate their personalities (as contrasted with their specific technical skills) without getting too far out of line. The social aspect of this essentially competitive procedure was termed "marginal differentiation." David Riesman, Nathan Glazer, Reuel Denny, *The Lonely Crowd*, New York, Doubleday Anchor Books, 1953, p. 64.

business from the surrounding territory. His studies have also shown that a city's outside business decreases faster than distance from the city increases. His law of retail gravitation follows:

Two cities attract retail trade from any intermediate city or town in the vicinity of the breaking point, approximately in direct proportion to the population of the two cities and in inverse proportion to the square of the distances (via most direct improved automobile highway) from these two cities to the intermediate town.<sup>21</sup>

<sup>21</sup> William J. Reilly, *The Law of Retail Gravitation*, New York, Pilsbury Publishers, Inc., 2nd ed., 1953, p. 9.

### CHAPTER III

## CONTRIBUTIONS OF THE GEOGRAPHER

Business men usually recognize the interests of economists in location problems. But they are not as often aware of the potential contributions of the economic geographer to problems of industrial location. Business men, and some academics, tend to consider geography as a descriptive and cartographic technique concerned solely with descriptive material. Its use as a tool of analysis has been generally overlooked. Yet geographers consider the subject of industrial location to be within the field of economic geography and have studied it intensively.

Perhaps the users of geographic material are not altogether to blame for the lack of appreciation of the contributions of geography. Certainly in the area of marketing geographers have not presented their services well. Much of the marketing geography work completed has been the product of researchers and practitioners trained in fields other than geography. The published material found in the area of applied economic or marketing geography was distributed in the literature of economics, marketing, city planning, sociology, management, and geography.

*Geography and marketing.* Applebaum stated that the marketing problems to which the geographer could best apply his skills could be grouped under four headings:

1. Presenting market and marketing data
2. Evaluating markets
3. Delineating trading, selling, and sampling areas
4. Selecting channels of distribution and location.<sup>1</sup>

Only location selection is under discussion in this chapter, but the other activities warrant investigation by business men and geographers. The views of representative contemporary geographers are offered below as examples of the thought and work of economic geographers on the location of industry.

<sup>1</sup> William Applebaum, *Marketing Geography*, mimeographed paper, Worcester, Clark University Library, August, 1951, p. 6.

*Importance of location to geography.* Neilsen indicated the importance of the subject of location to the geographer when he wrote, "Location is the most important geographic fact to a country or its subdivisions, or to a people or its units." In this context the location problem is the same whether the unit to be located is continental in size, or "as small as the street corner on which a chain store desires to locate."<sup>2</sup>

Mayer wrote, "more than any other discipline, geography is concerned with area." No two locations are identical in all respects, and the geographer's basic interest is in similarities and differences existing between areas and sites.<sup>3</sup>

Regions "are the major units of areas with which geographers are concerned."<sup>4</sup> A major locational problem facing the shopping center developer is the choice of suitable regional possibilities for the center. Then the problem becomes one of choosing the best plot of land for the center in the region. Most writers on location recognized that the location of any industry has two aspects; selection of a general regional situation and the choice of a local site.

*Locations classified.* The geographer classifies location as (1) absolute or (2) relative. Absolute location refers to longitude and latitude. Relative or regional location can be subdivided into (a) immediate, (b) vicinal, and (c) world.<sup>5</sup> Immediate location refers to the internal conditions and unit boundaries. This is the case whether the unit referred to be the United States, or a ward in a city, or the shipping platform of a retail store.

Vicinal location may in turn be subdivided into (1) central, (2) peripheral, (3) chained or linked, and (4) scattered. The terms are usually illustrated with examples from world geography. It is interesting to note how the terms can be applied to locational problems in marketing. Thus, central locations could refer to

<sup>2</sup> A. M. Neilsen, *Economic and Industrial Geography*, New York, Pitman Publishing Company, 1950, p. 659.

<sup>3</sup> Harold M. Mayer, "What We Need to Know About the Internal Structure of Cities and Metropolitan Areas," *Needed Urban and Metropolitan Research*, Donald J. Bogue, Ed., Scripps Foundation Studies in Population Distribution, No. 7, p. 11.

<sup>4</sup> *Ibid.*, p. 11.

<sup>5</sup> Neilsen, *op. cit.*, p. 660.

core or central business district locations; peripheral locations refer to sites occupied by retailers surrounding the central group; chained or linked locations refer to a line of stations such as chain stores operate or to strip shopping centers; and scattered location, "which is the weakest type of vicinal location," refers to scattered individual units or small store clusters.

The geographer is concerned with locational problems for all types of industries. One geographer defines an industry as any economic activity which yields goods, utilities, or services.<sup>6</sup> Defined thus, the total number of industries is large and the task of developing a theory or body of principles of economic geography to explain industrial location is difficult. However, Renner's "Principle of Industrial Localization" simplifies matters.<sup>7</sup>

*Industrial localization.* Industries can be divided functionally into four general classes: extractive, reproductive, fabricative, and facilitative. All of these industries require some six component elements or ingredients for successful operation: raw materials, markets, labor (including management and workers), power, capital, and transportation.

Since seldom if ever does an entrepreneur find all of these ingredients coinciding in a particular locality; the problem of locating an industry resolves itself into assembling several elements upon a locus where one or more of them already occurs. The particular locus chosen depends upon the inherent traits of the raw materials to be used, nature of the industrial process, or the character of the end product. In some cases these conditions place the locus of activity near one ingredient; in others, toward a second. Extractive, reproductive, and facilitative industries are located largely by the operation of the single dominant consideration of raw materials, natural conditions, and markets respectively. Fabricative industries are located as a result of several factors acting in combination.

Advantages resulting from proximity to the dominant factor

<sup>6</sup> George T. Renner, "Geography of Industrial Localization," *Economic Geography*, July, 1947, Vol. 23, No. 167, p. 168.

<sup>7</sup> *Ibid.*, p. 169.

must be great enough to offset the cost and difficulty of assembling the remaining factors. Renner perceived the outline of geographical relations between an industry and its locality from studying various geographic surveys and offered a general Principle of Industrial Localization:

Any industry tends to locate at a point which provides optimum access to its ingredients or component elements. If all these component elements be juxtaposed, the location of the industry is predetermined. If, however, they occur widely separated, the industry is so located as to be most accessible to that element which would be the most expensive or difficult to transport and which, therefore, becomes the locative factor for the industry in question.<sup>8</sup>

Geographers as do economists recognize that industries have not always, or even usually, been established in their optimum locations. "Indeed there are many factories being operated in marginal locations, just as there are marginal lands in cultivation, or marginal colleges in operation." The degree to which an industrial location approximates the optimum, might be called its "geonomic efficiency." Where geonomic efficiency is low, as it is quite frequently according to Renner, the industry is often able to continue operation by reason of high economic efficiency.<sup>9</sup>

The Principle of Industrial Localization is phrased to apply to industry in general, though its author recognized the principle applied differently to each of the four classes of industry. This study is concerned with only one element of this industrial classification, the facilitative or service industries. These industries tend "to be located almost entirely by the distribution of markets for their services."<sup>10</sup>

Renner qualifies this principle somewhat by pointing out that major lines of transportation tend to be concentrated in natural corridors of access. Also the trading, communicating, and financing industries tend to concentrate at strategic focal points along these trunk transportation arteries; the service ones tend to cluster disproportionately around these commercial focal points.

The bulk of Renner's attention was given to industries other than the facilitative group. He is not unique in this for most

<sup>8</sup> Renner, *op. cit.*, p. 169.

<sup>9</sup> Renner, *op. cit.*, p. 169.

<sup>10</sup> Renner, *op. cit.*, p. 172.

students of location theory have devoted the largest part of their energies to explaining the location of the reproductive and fabricative industries. Because it is representative of location statements of other geographers, Renner's Law of Location for fabricative industries is included below:

Any manufactural industry tends to locate at a point which provides optimum access to its ingredient elements. It will, therefore, seek a site near to:

- a. Raw materials, if it uses perishable or highly condensable raw substances; or
- b. Market, where the processing adds fragility, perishability, weight or bulk to the raw materials, or where its products are subject to rapid changes in type, design, or technological character; or
- c. Power, where the mechanical energy costs of processing are the chief items in the total costs; or
- d. Labor, where its wages to skilled artisans are a large item in the total cost.<sup>11</sup>

The other factors of location are not considered as locative except under special circumstances. While the location of any industry is determined primarily by one major factor, other factors are operative also.

*Trade centers.* Geographers place considerable importance on convenience as a factor forming trading centers. They agree that if a particular place is more conveniently and cheaply arrived at than another place, the first will be the point at which people exchange commodities (or money). Thus, country stores and villages locate at roadside crossings. In mountain country, the market place and town are found at the junction of two or three valleys. If rivers are an obstacle to commerce, settlements develop at the most convenient fording points. Geographers cite cases of towns developing near the center of a level plain. If in such a level plain a focal point of roads and railroads appears, this point frequently develops into a major trading center.

Geographers tend to consider the city economically as a greatly expanded road intersection. Smith and Phillips, for instance, maintained the present day metropolis is nothing but a town

<sup>11</sup> Renner, *op. cit.*, p. 180.

grown permanent through trade, and grown large because of a heavy volume of trade.<sup>12</sup> A factor favoring the original formation of commercial cities is some advantage in transportation, which is the most fundamental and most important of the causes determining the location of a collecting and distributing center. It may almost be said to be the only cause for the formation of such centers.<sup>13</sup>

Caplow, a sociologist, held a similar view. He believed the functions of commerce, government, defense, and industry are fundamentally secondary to communication and transportation.<sup>14</sup> This authority stated that in the United States, where the founding and growth of cities has been almost entirely unregulated, the importance and number of interesting routes seem to explain the present distribution of cities in order of population.

The intersection of land and water routes was particularly important in forming the New York market and that of other major cities. It may be of interest to note that of the 100 largest North American cities only three are not situated on navigable water.

New York, for example, stands at the convergence of the Great Lakes-Erie Canal-Mohawk Valley-Hudson River system (the only major water route leading from the prairies to the East Coast), the Atlantic crossing, the Inter-Coastal Waterway for coastal commerce, the Connecticut River-Long Island Sound water system, the Boston Post Road, the only level land routes leading southward, two major routes across the Allegheny Mountains, and at least five other land routes whose significance was already marked in Colonial times. The magnitude of this multiple intersection is not approached anywhere else in the Hemisphere.<sup>15</sup>

*Smith.* The most lucid statement found on the relationship of geography and location was that of Wilfred Smith. In 1951 Smith was appointed to the John Rankin Professorship of Geography at the University of Liverpool. In his inaugural lecture he explored the relationships between geography and location in an incisive twenty page statement.<sup>16</sup>

<sup>12</sup> J. Russell Smith and M. Ogden Phillips, *Industrial and Commercial Geography*, New York, Holt and Company, 1946, p. 751.

<sup>13</sup> Smith and Phillips, *op. cit.*, p. 754.

<sup>14</sup> Theodore Caplow, Ed., *City Planning*, Minneapolis, Burgess Publishing Co., 1950, p. 2.

<sup>15</sup> *Idem.*

<sup>16</sup> Wilfred Smith, *Geography and the Location of Industry*, Liverpool, The University Press of London, 1953.

The full objective of economic geography, according to Smith, is to reveal the rationale of economic distributions. That is, the geographer attempts to answer the question as to why should a particular industry be here and why a particular type of farming be there. The discipline is "the analysis of the distribution over the face of the earth of each of the many varied forms of economic activity."<sup>17</sup>

The geographer makes this analysis by first establishing the facts as to the precise distribution of the particular form of economic activity under examination. These facts should be established by systematic and detailed field surveys on the ground. As befitting a scientist, the economic geographer must build these distributions with precision, "field by field, factory by factory."<sup>18</sup>

The next task, and a more difficult one, is that of arriving at an understanding and interpretation of the facts established. It is here that inter-disciplinary cooperation between geographers and economists, and others offers promise, though little has yet been accomplished in the way of such cooperation. This type of cooperation is necessary to understand areal distribution of economic phenomena because economic distributions are shaped by a great complex of factors, including physical and technical forces, economic and historical, social and cultural. The economic geographer seems to consider it his task to review all evidence in a given locational problem to determine which forces operate in a particular case.

In this he differs from the economist studying location who tends to offer a monistic theory to explain location. Yet, the basic contribution of economic geography to location is not its recognition of the pluralistic aspects of the problem but its own fundamental analysis which is sharpened by use of its own special tools, the field survey and the map. Economists tend to rely most heavily on abstract reasoning and the manipulation of statistical data to explain location. They have used less the empirical studies of the economic geographer.

Geographers and economists are in general agreement that the

<sup>17</sup> *Ibid.*, p. 4.

<sup>18</sup> *Ibid.*, p. 5.

three fundamental factors in the location of industry are the location of raw material resources, industrial techniques, including both skills and equipment, and markets. Only seldom are raw materials, skills, and markets all at the same location. However, happily industry is not limited to such localities.

In practice the location pattern of industry is the result of a balance of these patterns of resources, skills, and markets, one being dominant in one industry or at one time or in one place, and another dominant in another industry or at another time or in another place.<sup>19</sup>

Geographers agree with economists that the distribution pattern of industry in relation to markets varies considerably with the nature of the industry. Some industries such as dairies or bakeries are distributed rather closely with market population; others, such as shipbuilding, can be located with considerable independence of their markets, and export much of their output over the world.

Smith suggested that industries tied to their markets are of three types. The first are those which make a perishable product such as bread which must be made near the point of consumption. The concept of nearness is a relative one, however. Even bread can be transported long distances from the bakery. With specialty breads distances of over 100 miles are not unusual. A second type of industries is tied to their market by the necessity of personal contact with the consumer. Men's tailors are examples. The third group is tied to its markets by the reason of increase in weight or bulk. For example, the fact that most large cities have their own breweries is in part a reflection of the expensiveness of transporting water.<sup>20</sup> Similarly, in the manufacture of sulfuric acid a great amount of water affects the weight of the product. With low per cent value for the product, it becomes market oriented, as shipment for long distances becomes uneconomic.<sup>21</sup> The same principle holds if bulk instead of weight is added. Fabricative industries which increase the bulk of the material by their process also tend to be located by the market area.

<sup>19</sup> Wilfred Smith, *op. cit.*, p. 6.

<sup>20</sup> Wilfred Smith, *op. cit.*, p. 15.

<sup>21</sup> Carl H. Cotterill, *Industrial Plant Location, Its Application to Zinc Smelting*, St. Louis, American Zinc, Lead, and Smelting Co., 1950, p. 74.

The geographer would not have difficulty integrating controlled shopping centers into the evolving body of location theory. Smith would likely point to them as new elements in the landscape offering fresh evidence of the dynamics of location.

The industrial landscape is a mosaic of infinite variety made up of repetitive patterns adjusted to this or that condition; embodying relics of archaic distributions the reasons for whose original establishment have passed away but which continue to operate by the momentum of an established business and by the practice of special economies which permit their survival; and embodying also new experimental locations some of which will die because of the inefficiency of site or of management but others of which will live and be incorporated into the rich and completed fabric . . .<sup>22</sup>

<sup>22</sup> Wilfred Smith, *op. cit.*, p. 20.

## CHAPTER IV

# SOCIOLOGISTS AND LOCATION THEORY

*Sociologists and human ecology.* There are indications of a growing interest in some of the problems treated by implication in this investigation among sociologists, geographers, and economists. Problems of centralization, decentralization, urban movement and the like have interested these specialists for years. Yet little evidence exists of serious, concerted attacks by social scientists on these questions.

It is likely that full understanding of these complex problems may ultimately come from an intellectual synthesis of what to date have been unrelated concepts held by various people concerned with social and economic organization. Not only the economic viewpoint, but the problems of physical growth, sociological structure, as well as historical development must be kept in mind in appraising social movements.

In response to the need for integration, a new field of social study emerged. A school of "human ecology" developed with its seat in the Department of Sociology in the University of Chicago, under the leadership of R. E. Park, E. W. Burgess, and R. D. McKenzie.<sup>1</sup> These sociologists defined human ecology as the scientific study of the "spatial and temporal relations of human beings as affected by the selective, distributive, and accommodative forces of the environment," with one of its chief concerns being "the effect of position in time and space, upon human institutions and human behavior."<sup>2</sup>

Perhaps human ecology may prove to be of particular importance to those confronted with locational problems. Human ecology appears to offer a promising matrix into which to integrate some of the pieces now available. However, at this point in time

<sup>1</sup> Robert E. Dickinson, "The Scope and Status of Urban Geography: An Assessment," *Land Economics*, August, 1948, Vol. 24, p. 236.

<sup>2</sup> R. D. McKenzie, "The Ecological Approach to the Study of the Urban Community," R. E. Park, E. W. Burgess, R. D. McKenzie, Eds., *The City*, Chicago, University of Chicago Press, 1925.

there is only the promise, for "the field of human ecology has emerged and remains primarily a sociological concern."<sup>3</sup> The field is still concerned with the central problem of the sociologist, that of the development and organization of the community.

Sociological literature on urbanism and related topics is concerned with developing and perfecting a theory of city structure and the arrangement of parts within the structure. Not much attention had been given to the role of change until the recent writings of the ecologists appeared. Even the earlier works of sociologists, however, offer keys to understanding market behavior.

*Sociological methods.* One classification of methods used by sociologists in studying city life included: the historical and geographical method where the location and growth of cities are investigated; historical and community studies, including the social survey and the study of segregated culture areas in the city; analysis of personal case histories; statistical method; the use of maps for the study of land utilization, parks, business and recreation; and ecological organization.<sup>4</sup> All of these methods of social science have marketing applications in the location area. In terms of sociological method the present investigation is basically an application of the historical and case study methods.

A complete and systematic theory of location for economic and social institutions has not yet come into being. Consider the theory of the location of cities. This is an area where some work has been done that may eventually contribute to the understanding of industrial and marketing location theory. But, even though "many studies have shown that cities are not scattered over the earth illogically, a general theory of location has been lacking."<sup>5</sup> One attempt at such a theory was made by Ullman.

<sup>3</sup> Amos H. Hawley, *Human Ecology*, New York, Ronald Press, 1950, p. 73.

<sup>4</sup> Niles Carpenter, R. Earl Sullenger, and James A. Quinn, "The Sources and Methods of Urban Sociology," *The Fields and Methods of Sociology*, pp. 328-45, as reported in William Diamond, "On the Dangers of an Urban Interpretation of History," *Historiography and Urbanization*, W. Stull Holt, Ed., Baltimore, Johns Hopkins Press, 1941.

<sup>5</sup> Edward Ullman, "A Theory of Location for Cities," *American Journal of Sociology*, 1940-1941, Vol. 46, p. 853.

*Location of cities.* Ullman offered a settlement distribution theory of location of cities using the orderly spacing of towns as service centers as a basis for the theory. Such service centers range in size from small hamlets performing a few minor functions up to the largest cities providing specialized services for a large hinterland composed of the service areas of smaller towns.

Ullman took his theoretical framework for study of the distribution of settlements from the writings of Walter Christaller.<sup>6</sup> The essence of Christaller's theory, which some other writers have accepted, is that a certain amount of productive land supports an urban center. The center exists since essential services have to be performed for its tributary area. This theory would offer that the primary factor explaining Chicago is the productivity of the Middle West. The fact that Chicago happens to be situated at the southern end of Lake Michigan is a secondary factor. Ideally in such a theory, the city should be in the center of a productive area. There is a similarity between this and von Thunen's starting point.

The theory assumes as a working hypothesis that normally the larger the city, the larger its tributary area.<sup>7</sup> Thus there will be cities of different sizes from small centers performing a limited number of simple functions (such as providing a limited market and shopping center for a small surrounding area) up to the larger cities with a great tributary area made up of the service areas of many smaller cities and towns and providing more complex services (such as wholesaling, specialized retailing, and commercial banking facilities). There have been many studies of the interdependence of the smaller cities with the large in the metropolitan area surrounding the central city which have tended to support this theory.<sup>8</sup>

*Roles of urban areas.* The emphasis on the economic functions of metropolitan communities does not mean that other roles of urban areas have not been recognized by social scientists. Under-

<sup>6</sup> *Ibid.*, p. 854 referring to *Die zentralen Orte in Suddeutschland*, Jena, 1935.

<sup>7</sup> Ullman, *loc. cit.*, p. 856.

<sup>8</sup> Hawley, *op. cit.*, Chapter 13.

standably, economists and economic geographers tend to pay particular attention to the economic functions of an area. Geographers concentrate on the physical characteristics of the region and sociologists on the community structure. However, these specialists would not reject the validity of the following quotations which express a broader view of the place of the city in society.

History and archeology teach us that since time immemorial the city has been the center of civilization by which the surrounding region has been raised from barbarism to culture. Science and art, philosophy and higher religion may indeed be regarded as the natural products of city life.<sup>9</sup>

Similarly a sociologist's view is widely accepted.

Culturally, the city serves as a mechanism for the reception and diffusion of new culture traits. Since time immemorial, it has been the importer and exporter of innovation—not only telephones, looms, or circuses, but also astronomical formulae, rules of etiquette, and the entire range of new ideas, customs, techniques, and values . . . it is invariably the source of two kinds of social control: formal government as well as informal control which arises from the influence of urban elites upon the mores of the whole society.<sup>10</sup>

From a marketing viewpoint this suggests the attraction of the city, and certainly the central business district should not be overlooked or minimized in any discussion of the suburban population movement. Particularly strong as patronage motives for downtown shoppers are the emotional appeals of the city and the convenience it offers of combining diverse errands on one trip to the city. Business and banking, shopping, visits to government and professional offices, and visits to cultural agencies all can be made on one trip to the city. In combination these advantages represent an appeal other shopping centers can not easily duplicate.

<sup>9</sup> Karl Kekoni, "The Problem of the City," *Scientific Monthly*, December, 1937, p. 547.

<sup>10</sup> Caplow, *op. cit.*, p. 2.

## CHAPTER V

# THE METROPOLITAN ECONOMY

A single marketing institution or an aspect of it should not be viewed only in isolation if full understanding is the goal. Therefore, in this and the following three chapters a matrix is provided for consideration of the specific locational problems of the six regional shopping centers discussed in Part II. Special attention is given to three factors affecting the development of controlled regional centers; the suburban population movement, automotive transportation, and metropolitan land use. The purpose of this chapter is to provide a statistical overview of the extent of population decentralization in the metropolitan economy. In Chapter VIII, the last Chapter in Part I, some historical notes on the CRSC movement are included to provide further perspective on individual location problems.

*Metropolitan economy.* The metropolitan area concept of today is based on the work of N. S. B. Gras. He was the first to study the great cities as nuclear centers and as the economic nerve centers of huge hinterlands. Other historians, sociologists, geographers and economists have since shown how various cities, through control of markets and finance and through the development of manufacturing, transportation, and communication facilities, have become symbols for the economic organization of huge subsidiary territories. Large cities are the cores of great economic structures, rather than independent entities.<sup>1</sup>

Marketing managers have long recognized that markets do not follow strictly political lines. For many marketing purposes the concept of the metropolitan area has more relevance than arbitrary political divisions. In locating marketing agencies it is important to consider as a market unit the entire population and area around the site, rather than merely the political subdivision in which the tract is situated.

<sup>1</sup> Diamond, *loc. cit.*, p. 85, citing N. S. B. Gras, "The Development of Metropolitan Economy in Europe and America," *American Historical Review*, 1922, Vol. 27, pp. 695-708.

A most useful tool for this type of market definition has been provided by the Bureau of the Census in its data on standard metropolitan areas. (See Appendix B.)

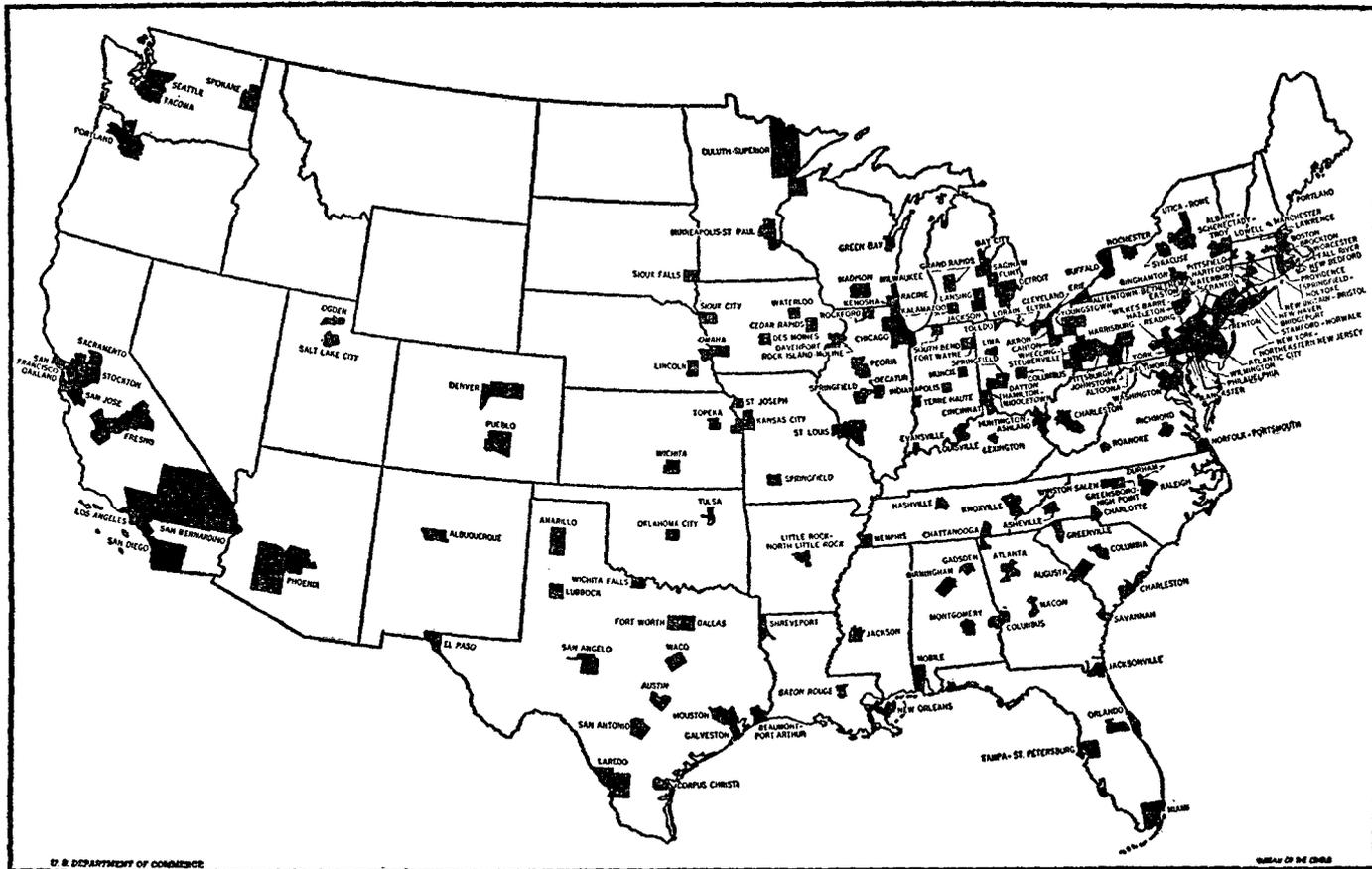
*Standard metropolitan areas.* In the 1950 census the measuring unit of the standard metropolitan area superseded that of the metropolitan district. The metropolitan district unit had been used since 1910 to show population statistics for large cities and their suburbs. The metropolitan district was composed of one or more central cities and the contiguous suburban townships. The standard metropolitan area consists of central cities, the entire county containing these cities, and any other counties having metropolitan characteristics which are integrated with the central city.

Each of the shopping centers listed in Table I is in a standard metropolitan area. The aggregate population of the 168 metropolitan areas in 1950 was 84,500,680, more than half of the 150,697,361 people enumerated in the continental United States. The standard metropolitan areas occupy only seven percent of the country's land area, but account for two-thirds of the retail volume and about nine-tenths of the wholesale volume of the nation.<sup>2</sup>

*Decentralization.* In the post World War II years a major population shift within standard metropolitan areas has been underway. The suburban movement is one of the most spectacular manifestations of the dynamism of the metropolitan economy. The suburbs include 20 to 50 percent and more of the population of metropolitan areas. In a few areas, a greater proportion of the metropolitan population lives in the suburbs than in the city proper.

The suburban population movement has been described as the "flight to the suburbs." There has not been a flight, but there has been a movement, resulting in a major redistribution of American population. With rare exceptions, every major city gained

<sup>2</sup> *United States Census of Population, 1950, Number of Inhabitants*, Washington, Bureau of the Census, 1952, Vol. I, p. xxxiii.



STANDARD METROPOLITAN AREAS: 1950

population during the movement. New York increased in population by 437,000 since 1940 according to the 1950 census. But during the same period, Nassau county in suburban Long Island increased from 400,000 to 700,000 people, a greater proportional gain.

Each of the 168 metropolitan areas includes at least one city of over 50,000 population. During the 1940-1950 decade these cities gained 6,000,000 population or 14 percent while their suburbs gained 9,000,000 or 36 percent.<sup>3</sup> Thus, the key population facts of today's metropolitan economy are (1) both the central cities and suburban areas are growing, but (2) the suburbs are growing at a faster rate. Stating this differently, the population of the major cities of metropolitan areas increased less in recent decades than either the nation as a whole, or the suburban areas surrounding central cities, but it did grow. Of the standard metropolitan area population of 84,500,680, 49,412,792 or 59.6 percent live in areas outside central cities.<sup>4</sup>

The fastest growing part of the entire metropolitan area is the unincorporated rural territory. This rural part of the metropolitan ring contained one-tenth of the country's population in 1940, but it gained more than one-fourth of the nation's total population increase in the 1940-1950 decade.<sup>5</sup>

*Other population trends, 1940 to 1950.* The 1950 population of 84,500,000 in standard metropolitan areas represents an increase of 15,200,000 or 22 percent over the 69,300,000 residents of those areas (not districts) in 1940. In the outlying parts of these metropolitan areas, the parts forming the basic market for most CRSC, the population increased by about 9,200,000 or 35.5 percent of the 1940 population of these areas. The rate of increase in the central cities, however, was only 13.9 percent or slightly less than for the country as a whole. The standard metropolitan area increases are in marked contrast to the rest of the

<sup>3</sup> Hal Burton, *The City Fights Back*, New York, Citadel Press, 1954, p. 42.

<sup>4</sup> *United States Census of Population, 1950, Number of Inhabitants, loc. cit.*, p. xxxiii.

<sup>5</sup> Donald J. Bogue, *Population Growth in Standard Metropolitan Areas, 1900-1950*, Washington, Housing and Home Finance Agency, 1951, p. 19.

country in which the population rate increase was just 6.1 percent. Thus,

Of the increase of about 12 million for the United States during the decade, about four-fifths occurred in standard metropolitan areas and nearly one-half occurred outside the central cities.<sup>6</sup>

In Table III this information is summarized to indicate population inside and outside the central city or cities of standard metropolitan areas nationally. In Table IV the information is presented for areas mentioned in this study.

The 35.5 percent increase nationally in the population of the parts of the standard metropolitan areas lying outside the central city or cities, compared with the 14 percent growth for central cities, suggests something of the increased importance of these outlying parts to retail trade. It means for one thing that an increasing percentage of the population is living farther away from the central business district.

Table III  
POPULATION INSIDE AND OUTSIDE CENTRAL CITIES OF STANDARD METROPOLITAN AREAS IN THE UNITED STATES

	Population		Increase	
	1950	1940	Number	Percent
All 168 areas	84,500,680	69,279,675	15,221,005	22.0
In central cities	49,412,792	43,391,716	6,021,074	13.9
Outside central cities	35,087,888	25,887,957	9,199,931	35.5

Source: *United States Census of Population, 1950, Number of Inhabitants*, Washington, Bureau of the Census, 1952, Vol. I, p. xxxiii.

These statistics do not reflect all aspects of the population movement which are of some import to retailers. The population which moved out of the central city contains more than its share of middle income consumers of childbearing years. These are the years when expenditures for raising a family and building a home are typically high. *Fortune Magazine* reported that the average family unit income of its definition of suburbia in 1953 was \$6,500 which was 70 percent higher than the rest of the

<sup>6</sup> *United States Census of Population, 1950, Number of Inhabitants, loc. cit.*, p. ccv.

**Table IV**  
**POPULATION INSIDE AND OUTSIDE CENTRAL CITIES OF SELECTED**  
**METROPOLITAN AREAS**

<i>Standard Metropolitan Area</i>	<i>Population</i>		<i>Increase</i>		<i>Selected Regional Centers</i>
	<i>1950</i>	<i>1940</i>	<i>Number</i>	<i>Percent</i>	
Boston, Mass.	2,369,986	2,177,621	192,365	8.8	Shoppers' World Peason
Boston	801,444	770,816	30,628	4.0	
Outside city	1,568,542	1,406,815	161,737	11.5	
Chicago, Ill.	5,495,364	4,825,527	669,837	13.9	Old Orchard Evergreen Plaza Skokie
Chicago	3,620,962	3,396,808	224,154	6.6	
Outside city	1,874,402	1,428,719	445,683	31.2	
Detroit, Mich.	3,016,197	2,377,329	638,868	26.9	Northland Eastland Westland
Detroit	1,849,568	1,623,452	221,116	13.9	
Outside city	1,666,629	753,877	412,752	54.8	
Los Angeles, Calif.	4,367,911	2,916,403	1,451,508	49.8	Lakewood
Los Angeles	1,970,358	1,504,277	466,081	31.0	
Outside city	2,397,553	1,412,126	985,427	69.8	
Milwaukee, Wis.	871,047	766,885	104,162	13.6	Westgate
Milwaukee	637,392	587,472	49,920	8.5	
Outside city	233,655	179,413	54,242	30.2	
New York, North- eastern New Jersey	12,911,994	11,660,839	1,251,255	10.7	Cross County Garden State Plaza Roosevelt Field Bergen Mall Hicksville, L. I.
In cities	8,629,750	8,185,928	442,822	5.4	
New York	7,891,957	7,454,995	436,962	5.9	
Jersey City	299,017	301,173	-2,156	-0.7	
Newark	438,776	429,760	9,016	2.1	
Outside cities	4,282,244	3,474,911	807,333	23.2	
St. Louis, Mo.	1,681,281	1,432,088	249,193	17.0	
St. Louis	856,796	316,048	40,748	5.0	
Outside city	824,485	616,040	208,445	33.8	
San Francisco- Oakland, Calif.	2,240,767	1,461,804	778,963	53.3	Stonestown San Leandro
In cities	1,159,932	936,699	223,233	23.8	
San Francisco	775,357	634,536	140,821	22.2	
Oakland	384,575	302,163	82,412	27.3	
Outside cities	1,080,835	525,105	555,730	105.8	
Seattle, Wash.	732,992	504,980	228,012	45.2	Northgate
Seattle	456,591	368,302	99,289	27.0	
Outside city	265,401	136,678	128,723	94.2	

Source: *U. S. Census of Population, 1950, Number of Inhabitants*, Washington, Bureau of Census, 1952, Vol. I, pp. 1-69, 71-73.

nation. The majority of suburban families are in the middle income group (\$4,000-7,500). This group has increased 44 percent since 1947. Including city and suburban, it now receives 42 percent of the total consumer cash income, and is flocking to suburbia.<sup>7</sup>

Table V  
METROPOLITAN DISTRICTS OF THE UNITED STATES, 1900 TO 1950

Year	Number of districts	Total population of districts in millions	Percent of U.S. population in districts	Percent of U.S. increase in districts
1950	168	84	55.7	80.6
1940	140	63	47.8	53.0
1930	97	55	44.6	70.8
1920	58	36	34.0	55.5
1910	44	26	28.3	41.9
1900	44	19	25.5	—

Source: Adapted from Warren S. Thompson, *The Growth of Metropolitan Districts in the United States: 1900-1940, 1947*, Washington, Bureau of the Census, 1950, Preliminary Reports. The 1950 data pertain to standard metropolitan areas.

Table V shows the steady increase in the number and population of metropolitan districts (now standard metropolitan areas) and in the percentage of population residing in them.

*Suburbs defined.* The sections of standard metropolitan areas characterized as suburban have been variously defined. Strictly speaking the suburbs may be considered to be the residential areas surrounding the central cities in the 168 metropolitan areas. On this basis, 25 percent of the nation resides in the suburbs. *Fortune* offered a broader interpretation which seems useful for many marketing purposes. *Fortune* defines the suburbs as all commuting residential areas, some in central cities, some in smaller towns, that consist mainly of one family houses.<sup>8</sup> Defining the suburbs in this looser fashion reveals this section of the population has grown seventeen million between 1947 and 1953. The country as a whole increased by fifteen million in this period. Also, "in 1929, 60 percent of the population lived in large cities

<sup>7</sup> "The Lush New Suburban Market," *Fortune Magazine*, November, 1953, p. 128.

<sup>8</sup> Gilbert Burck and Samford Parker, "The Changing American Market," *Fortune*, August, 1953, p. 192.

or farms; today nearly 60 percent of the population lives in suburbs or small towns.”<sup>9</sup>

A suburban population figure of 30 million suburbanites was derived by *Fortune* entirely from the standard metropolitan areas, or the areas in and around cities of 50,000 and greater population. About 12 million additional Americans lived outside the city limits. Some of this group probably belong in the suburban market. For a final suburban market figure, an unknown percentage of the 67 million outside the metropolitan areas might appropriately be considered semi-suburban in character. These millions together constitute suburbia and are the basic market of the regional shopping center. Since this suburban market seems to continue in its growth stage, the marketing agencies serving them are also likely to grow.

Figure I depicts the rapid growth of the suburbs. They have been growing faster than the rest of the country, even faster than the metropolitan areas. The population of the United States increased by 11 percent in the period 1947-1953 while the suburban population increased by 43 percent.

*Causes of suburbanization.* Some reasons for the increasing popularity of suburban life are noted below. The automobile is used to explain how the exodus of population from the city to the suburban areas was made possible. The automobile does not in itself explain why people wanted suburban living.

The Director of the Census suggested six reasons for the popularity of suburban living:

1. The opportunity to own a house and a plot of green grass, instead of paying rent on a city apartment;
2. Better roads, easier access, faster public transportation, more efficient public utilities;
3. In some cities, a desire to get away from over-crowding, a shortage of pleasant housing at reasonable prices;
4. Desire of parent to provide children with safer play conditions and better schools;
5. Decentralizing of some industry;
6. To an extent, a desire to escape higher city taxes.<sup>10</sup>

<sup>9</sup> *Idem.*

<sup>10</sup> Burton, *op. cit.*, pp. 43-44.

## THE SUBURBAN POPULATION INCREASE

MILLIONS

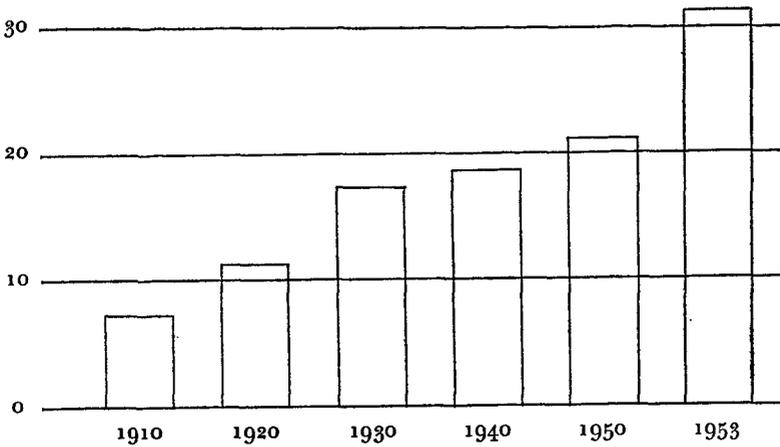


FIGURE 1

Source: *Fortune*, November, 1953, p. 130.

*Industry in suburbia.* The suburban movement has not been confined to the new residents and retail entrepreneurs who followed them. Factories and offices have been decentralizing for some time. *Business Week* pointed out that the trend in establishing offices is to "Suburbia, U.S.A." More and more companies are moving all or part of their white collar workers out "where there is plenty of room to expand."<sup>11</sup> As industry decentralizes further, forces favoring the suburban movement of population and retail trade will increase.

Among the reasons reported in the *Business Week* article for industrial decentralization were lack of good office space downtown, high rents, poor commutation conditions, difficulty of getting personnel to work in congested areas, and management's thinking that workers will be happier in the pleasant surroundings of the suburbs.<sup>12</sup>

<sup>11</sup> "Offices Move to Suburbs," *Business Week*, March 17, 1951, p. 79.

<sup>12</sup> *Ibid.*, p. 80.

## CHAPTER VI

# TRANSPORTATION AND THE FLIGHT TO THE SUBURBS

*Transportation and the metropolitan economy.* The rapid rise in the United States of the integrated metropolitan area has been a function of far-reaching changes in transport technology. On the whole these changes have been well catalogued and need not be re-explored here. It is sufficient to recall that horse cars were common at the turn of the century. The electric trolley and elevated and subway lines followed and finally the bus, truck, and private automobile appeared to dominate the scene. Each innovation in turn affected the structural pattern of the metropolitan community, primarily "by lowering distance barriers of time and cost."<sup>1</sup> But the automobile, with its freedom from the dependence on fixed rails, opened up metropolitan areas to include sections lying between the fixed routes of the earlier vehicles.

Although fixed rail public transportation has disappeared from most American cities, its influence still remains. The age of the automobile inherited the structure left by earlier transport facilities. "The location of the most vital point of interest and need for the largest part of the population was already fixed."<sup>2</sup>

When the automobile became commonplace, individual drivers, each with his own car, attempted to crowd into the small area of downtown to work and shop. The unhappy results were the congestion and parking problems that plagued and still trouble almost every American city. But as the automobile increased downtown congestion it also opened new areas for residential use. Since the essence of automotive transportation is flexibility, any given point on an open road becomes accessible to the increasingly larger numbers of people possessing private

<sup>1</sup> Walter Isard and Vincent Whitney, "Metropolitan Site Selection," *Social Forces*, March, 1949, Vol. 27, p. 263.

<sup>2</sup> C. T. Jonassen, *Downtown Versus Suburban Shopping: Measurement of Consumer Practices and Attitudes in Columbus, Ohio*, Columbus, The Ohio State University of Columbus, 1952, Special Bulletin No. 58, p. 6.

automotive transportation. Thus, "distances in less congested parts of the city decreased and enabled new centers to be created and exist."<sup>3</sup> As a result consumers have an effective choice, for they can not only shop downtown but in alternate places where goods can be acquired. These alternate places are made more attractive as retail sites because as congestion increases in the central city the time distance to the center increases; or to use the terminology of the ecologist, the friction of space is aggravated.

*Friction of space.* The term, friction of space, invites some elaboration. The costs of acquiring goods are of two kinds; (1) the direct monetary outlay for the article or service and (2) the expenditure of money, time, and physical and nervous energy in getting to and from the place where the article or service can be obtained.<sup>4</sup> The resistances to movement in space have been generalized in the phrase, friction of space. Friction is always related to a given mode of transportation and communication. As transportation changes, the friction of space also changes. In the broad sense the term "transportation" is used to cover all means of overcoming the friction of space.<sup>5</sup> With the private automobile, which is the most popular consumer technique of minimizing the friction of space, few points in the metropolitan area are really inaccessible.

The word accessibility means to the consumer, ease of contact or contact with relatively little friction. Friction that does exist must be overcome by means of transportation, but transportation in turn involves costs. Transportation costs make rent possible.

*Friction of space and rent.* "Rent appears as the charge which the owner of a relatively accessible site can assume because of the saving in transportation costs which the use of this site makes possible."<sup>6</sup> According to this theory, activities which can bid highest for sites are those in which large savings in transportation

<sup>3</sup> *Idem.*

<sup>4</sup> Jonassen, *op. cit.*, p. 6.

<sup>5</sup> Robert M. Haig, "Toward an Understanding of the Metropolis," *Quarterly Journal of Economics*, February, 1926, Vol. 40, p. 185.

<sup>6</sup> *Ibid.*, p. 423.

costs may be realized by locating on central sites where accessibility is great.

“Transportation is in essence a method of overcoming the friction of space,” and as long as transportation is not instantaneous or effortless, the movement of people or goods from one point to another involves cost.<sup>7</sup> The strength of a central location is that it is the point at which transportation costs can be reduced to a minimum. In theory, this is why central business districts will always remain important and not fall before the competition of regional centers.

The sum of the two items, site rents and transportation costs, totals the cost of friction, according to Haig. This cost varies with the site. “The theoretically perfect site for the activity is that which furnishes the desired degree of accessibility at the lowest costs of friction.”<sup>8</sup> But an economic activity seeking a location finds that as it approaches the center, site rents increase and transportation costs decline. As it retreats from the center, site rents decline and transportation costs increase. Since by definition space at the center is limited, all activities can not be accommodated there or afford to pay the rent bid by the activities that could best utilize the advantages of the most central sites. Other bidders take less accessible locations, or serve those to whom the location is more accessible, such as the new suburban residents.

*Transportation and the suburbs.* From about 1925, and especially during the years immediately preceding World War II, the automobile and the suburban movement flourished. Beginning in 1925, when there were approximately 17,500,000 passenger car registrations in the United States, the number of automobiles registered also increased steadily except during the years of World War II. After World War II, about 25,000,000 passenger cars were in the United States. By 1954, they had increased to 48,498,870. In 1954, total motor vehicle registration was more than 58,589,000.

<sup>7</sup> Haig, *op. cit.*, p. 185.

<sup>8</sup> Haig, *op. cit.*, p. 421.

Without the increased use of the automobile, the suburban migration would not have been possible in large numbers. The automobile can be used for the whole trip or for the part of the ride which leads to acceptable public transit facilities. Increasingly, the suburban housewife is less isolated in one-car families. The number of households with more than one car has doubled from 2,000,000 to 4,000,000 in the last eight years.

*Suburban history.* Some suburban development took place around our larger cities during the later years of the nineteenth century. For the first time the number of year round commuters to the cities became considerable. This period, the "first era of suburbia" lasted until about 1920 or 1925.<sup>9</sup> Up to that time, so few commuters had automotive transportation that their residences had to be within horse and buggy or walking distance of railroad stations and trolley lines. In what has been termed the horse and buggy era, a 30-minute commuting time would be required to move a person a radius of two miles. If this would be accepted as approximately the maximum commuting time, the maximum area of a center's attraction for commuters would be about 12.5 square miles ( $\pi r^2$ ).

After and during the later stages of this era, electric street car lines operated within many cities. With these vehicles, a 30 minute commuting time would transport one a radius of about five miles.<sup>10</sup> The maximum area of a city would be placed at about 78.5 square miles, or approximately six times that of the horse and buggy city. Faster elevated and subway lines would increase the maximum area proportionately. (Brooklyn and Queens in New York City developed as the subway reached into those boroughs.)

With the automobile, a 30-minute commuting time is theoretically able to transport one a radius of about 15 miles.<sup>11</sup> This places the area from which residents might commute to the central city at about 700 square miles. This is an area 55 times that of the horse and buggy city, almost nine times that of the street car city.

<sup>9</sup> Frederick L. Allen, "Crisis in the Suburbs," *Harpers Magazine*, July 1954, Vol. 209, p. 47.

<sup>10</sup> Allen, *op. cit.*, p. 48.

<sup>11</sup> *Ibid.*, p. 49.

While commuters in small numbers were probably traveling to work in the city from their rural homes before the Civil War, these pioneers mostly lived around station stops on the railroad, and traveled to work as railroad passengers. The automobile and bus made it possible for later rural residents to live not only along narrow bands along the rail right of way, but in the entire area between railway lines. These transportation improvements enabled more and more of the urban population to choose between living in the central city or moving to a less dense suburban or rural environment. This period Allen characterized as the second era of suburbia.

The movement to the suburbs which gathered momentum during the 1920's was checked by the depression and the second war; the third era of suburbia. However, the period from about 1930 to 1945 was not a period when the suburban trend was in any way halted or reversed. Rather, it seemed to be a period when the earlier building was solidified, and some of the areas built earlier were filled in. Little in this movement enabled social scientists to predict the explosion that occurred following World War II.

## CHAPTER VII

# THE RETAIL STRUCTURE OF THE METROPOLITAN ECONOMY

The arrangement of retail activities within a metropolitan area should be considered within the context of the broader problem of the arrangement of all the region's activities. Specialists in sociology, geography, economics, and marketing have for their own purposes attempted to describe the patterns of land use in metropolitan economics. Some of the most valuable work on the problem has been done by sociologists, who "more than any other group have given attention to the problem of urban agglomeration."<sup>1</sup> However, sociologists and other specialists have been generally convinced of the fundamental economic causation of the structure of metropolitan areas.

Prior to examining in more detail the retail structure of metropolitan areas, a brief summary statement of a general theory of metropolitan land use is presented.

*Theory of land use.* The theory of area development and growth posited here is that since urbanism is fundamentally an economic phenomenon it follows that the internal organization of metropolitan areas has evolved as a device to ease the various actions of economic activity.<sup>2</sup> Just as specialization characterizes our entire complex economic organism, so it has influenced if not dominated the arrangement of activities within the area. In fact, there "is evidenced an increasing tendency for uses of similar character to become concentrated in functional areas."<sup>3</sup> The city forms various districts, each of which may be significantly different from the others, reflecting the division of the population into

<sup>1</sup> Richard U. Ratcliff, "The Problem of Retail Site Selection," *Michigan Business Studies*, 1938, Vol. IX, No. 1, p. 4.

<sup>2</sup> Economic geographers have pointed out that while some cities flourished initially as political capitals (Washington), others as recreational resorts (Miami), most cities are found in locations favorable to economic growth.

<sup>3</sup> Ratcliff, *op. cit.*, p. 5.

social and economic groups. Industrial areas begin to appear rather early in metropolitan development, guided by the economic, geographic and social forces discussed in Chapters II, III, and IV. The retail district noticeably has this pronounced tendency toward specialization. Through this process of economic selection, an area acquires a definite land use pattern.

Geographers have commented that there are considerable similarities of specialization in the fundamental land use patterns of different cities in various sections of the globe, suggesting that the locations best adapted to a particular function gravitate toward performing the function in question. The similarity of land use patterns holds for residential, industrial, recreational, and retail activities.

Retailers and other land users compete for the most favored sites in the area of their interest. Ultimately the land use pattern in a city will reflect the bids and asks of renters and owners of sites. Bidders compete for the 100 percent site and those who can foresee the largest profit from a favorable site are in a position to bid highest. The end result of this market process of competitive bidding by potential users is a pattern of land use spatially organized to perform the functions which characterize urban life.<sup>4</sup>

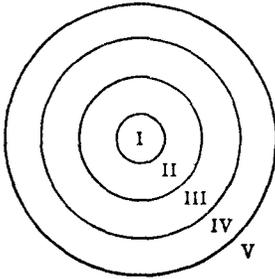
Three different descriptions of land use patterns have been devised to describe resulting spatial organization of urban areas. Each theory sets forth certain general tendencies of arrangement which allegedly will prevail unless modified by topographical or other disturbing influences. These descriptions indicate that urban land uses are distributed within concentric zones, sectors, or multiple nuclei.<sup>5</sup> A condensed description of each theory follows.

*Concentric zone.* The most influential advocate of the concentric zone theory was Ernest W. Burgess, whose theory was cited by Fisher and Fisher and others writing in the area of com-

<sup>4</sup> Ratcliff, *op. cit.*, p. 6.

<sup>5</sup> Ernest M. Fisher and Robert M. Fisher, *Urban Real Estate*, New York, Henry Holt and Company, 1954, p. 309.

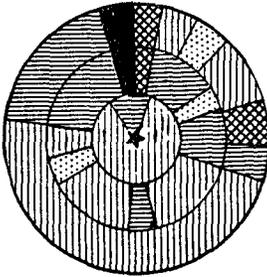
## HORIZONTAL ARRANGEMENT OF ACTIVITIES WITHIN A COMMUNITY



**Concentric Zone Description**  
(Supposedly applicable to all cities.)

### Zones <sup>a</sup>

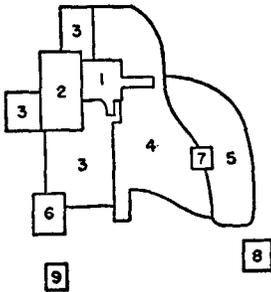
- I. The Central Business District.
- II. Zone in Transition.
- III. Zone of Independent Workingmen's Homes.
- IV. Zone of Better Residences.
- V. The Commuters' Zone.



**Sector Description**  
(Arrangement of sectors differs from city to city.)

### Theoretical Pattern of Monthly Rent Distribution <sup>b</sup>

less than \$10	
\$10-\$19.99	
\$20-\$29.99	
\$30-\$49.99	
\$50 and over	



**Multiple-Nuclei Description**  
(Arrangement of nuclei differs from city to city.)

### District <sup>c</sup>

- 1. Central Business District.
- 2. Wholesale Light Manufacturing.
- 3. Low-Class Residential.
- 4. Medium-Class Residential.
- 5. High-Class Residential.
- 6. Heavy Manufacturing.
- 7. Outlying Business District.
- 8. Residential Suburb.
- 9. Industrial Suburb.

<sup>a</sup> Adapted from E. W. Burgess, "Urban Areas," *Chicago: An Experiment in Social Science Research*, ed. by T. V. Smith and L. D. White (Chicago: University of Chicago Press, 1929), p. 115.

<sup>b</sup> Theoretical pattern of rent distribution in Indianapolis. From *The Structure and Growth of Residential Neighborhoods in American Cities* (Washington, D. C.: Federal Housing Administration, 1939), p. 77.

<sup>c</sup> From C. D. Harris and E. L. Ullman, "The Nature of Cities," *The Annals of the American Academy of Political and Social Science*, Vol. 242 (November 1945), p. 13.

munity organization. Burgess assumed that the modern American city would take the form of five concentric urban zones. In outline, the zones are:

- Zone I The Central Business District
- Zone II The Zone in Transition
- Zone III The Zone of Independent Workingmen's Homes
- Zone IV The Zone of Better Residences
- Zone V The Commuters' Zone<sup>6</sup>

*Sector.* This theory holds that residential land uses tend to be arranged in sectors or wedges radiating from the center of a city. While each community has a different pattern, rent areas tend to conform to a pattern of sectors rather than to concentric circles.<sup>7</sup>

*Multiple Nuclei.* Harris and Ullman combine the concentric zone and sector theories to explain the arrangement of land uses.

In many cities the land use pattern is built not around a single center but around several discrete nuclei. In some cities these nuclei have existed from the very origins of the city; in others they have developed as the growth of the city stimulated migration and specialization. . . . The initial nucleus of the city stimulated may be the retail district in a central place city, the port or rail facilities in a breakoff city, or the factory, mine, or beach in a specialized function city.

The rise of separate nuclei and differentiated districts reflects a combination of the following four factors:

1. Certain activities require specialized facilities.
2. Certain like activities group together because they profit from cohesion.
3. Certain unlike activities are detrimental to each other.
4. Certain activities are unable to afford the rents of the most desirable sites.

The number of nuclei which result from historical development and the operation of localization forces vary greatly from city to city. The larger the city, the more numerous and specialized are the nuclei.<sup>8</sup>

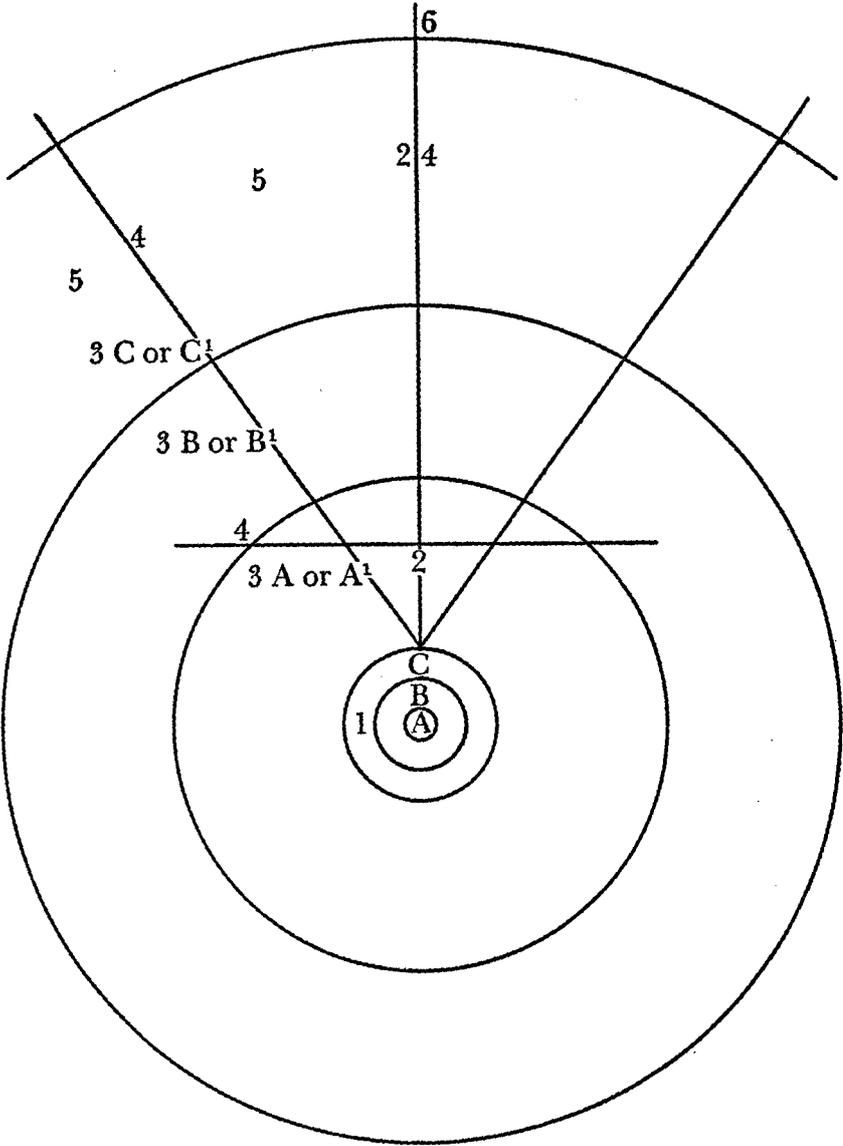
The concentric zone, sector, and multiple nuclei descriptions are illustrated in Fisher and Fisher. They are reproduced on page 57.

Specialists in marketing have also attempted to identify and

<sup>6</sup> E. W. Burgess, "Urban Areas," *Chicago: An Experiment in Social Science Research*, T. V. Smith and L. D. White, Eds., Chicago, University of Chicago Press, 1929, p. 19.

<sup>7</sup> Fisher and Fisher, *op. cit.*, p. 311.

<sup>8</sup> C. D. Harris and E. L. Ullman, "The Nature of Cities," *The Annals of the American Academy of Political and Social Science*, November, 1945, Vol. 242, pp. 14-15.



SCHEMATIC PRESENTATION OF THE RETAIL STRUCTURE OF METROPOLITAN AREAS

classify the land use structures of market areas. In larger cities the retail structure is often complex and resistant to precise classification. But the attempts that have been made provide insights and an understanding of the retail structure of cities. The CRSC with its relatively new locational problems and considerations, has not been integrated into the existing retail structure. For this reason a new classification of the locational base of retail establishments is included in this chapter.

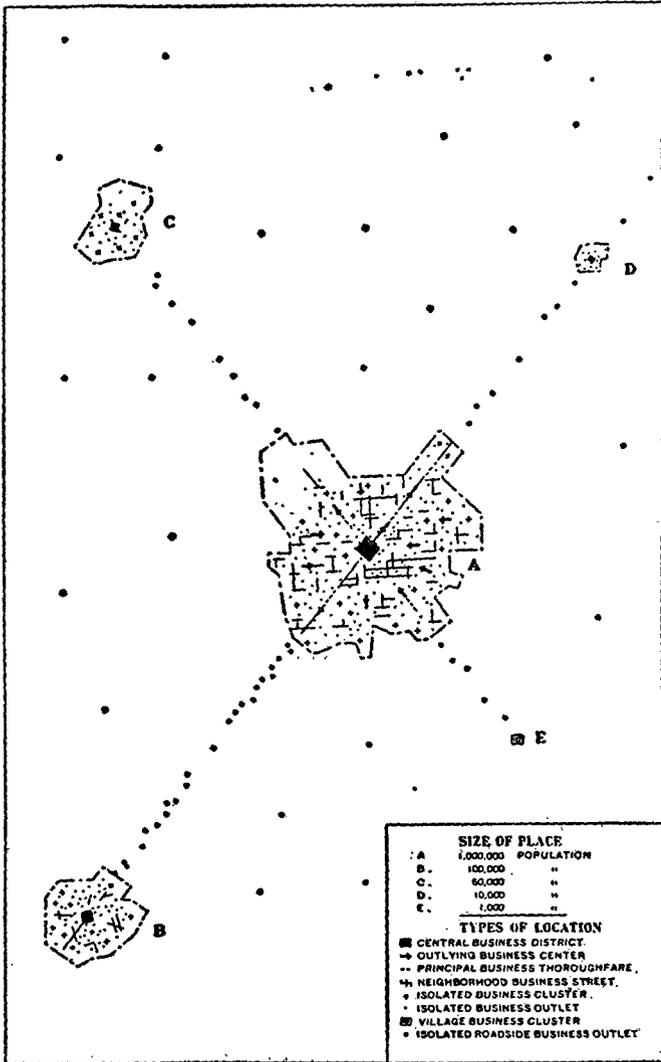
*Structure of retail facilities.* There is a wide variety in the distribution of the approximately 1,748,000 retail outlets in this country. Yet classification into groups for purposes of locational analysis is possible. Duncan and Phillips maintain that in their main outlines, the retail structures of large cities and their surrounding areas are generally similar. These authors identify a central or main shopping district, secondary or outlying business or secondary shopping centers, neighborhood business streets, and scattered individual stores or small clusters of stores.<sup>9</sup> Brown and Davidson suggest a five-fold classification of types of store locations found in most metropolitan areas; central shopping district locations, secondary shopping districts, string street locations, neighborhood clusters, and isolated locations.<sup>10</sup> Weimer and Hoyt classify the retail structure into business districts, outlying business centers, and isolated outlets and clusters.<sup>11</sup> Shown on page 61 is Proudfoot's classification of business sites. Other analyses in marketing and real estate literature follow a substantially similar pattern.

*Retail structure of the metropolitan economy.* The retail structure adopted for purposes of analysis in this investigation is shown in the following list. Table VI portrays some of the key relationships between the various elements entering into this structure.

<sup>9</sup> Delbert J. Duncan and Charles F. Phillips, *Retailing, Principles and Methods*, Chicago, R. D. Irwin, Inc. 1951, pp. 134-138.

<sup>10</sup> P. L. Brown and W. R. Davidson, *Retailing Principles and Practices*, New York, Ronald Press, 1953, pp. 75-76.

<sup>11</sup> Arthur M. Weimer and Homer Hoyt, *Principles of Urban Real Estate*, New York, Ronald Press, 1948, rev. ed., p. 138.



**PROUDFOOT'S TYPES OF RETAIL LOCATIONS**

## THE RETAIL STRUCTURE

1. Central Business District
  - A. Inner core
  - B. Inner belt
  - C. Outer belt
2. Main Business Thoroughfares (String Streets)
3. Secondary Commercial Sub-Districts (unplanned)
  - A. Neighborhood
  - B. Community or District
  - C. Suburban or outer
- 3a. Controlled Secondary Commercial Sub-Centers
  - a. Neighborhood
  - b. Community or District
  - c. Suburbs or outer
4. Neighborhood Business Streets
5. Small Clusters and Scattered Individual Stores
6. Controlled Regional Shopping Centers

Each of these elements in the retail structure of metropolitan areas is discussed below.

1. *Central business district.* A Commerce Department study made in 1935 used terminology that can be helpful in considering the structure of central business districts. The terms are "inner core," "inner belt," and "outer belt."<sup>12</sup> The inner core of the central business district is typically the point at which all intra-city traffic converges, the center of shopping specialty goods activity and the home of the large department stores. In the inner belt are found communication agencies, banks, law offices, the administrative offices of political, recreational, religious, and other services. The inner core and belt comprise the heart of the retail structure and also of these other activities as well. Through these offices the "manifold activities of the community are directed and integrated. The special function of the principal center is that of dominance or control . . ." <sup>13</sup>

The first two elements of the central business district typically

<sup>12</sup> U.S. Dept. of Commerce, *Intra-City Business Census Statistics of Philadelphia, Penn.*, Washington, Bureau of the Census, 1937, p. 25.

<sup>13</sup> Amos H. Hawley, *Human Ecology*, New York, Ronald Press, 1950, p. 270. The key influence of metropolitan centers was also examined by Donald J. Bogue, *The Structure of the Metropolitan Community: A Study of Dominance and Subdominance*, Ann Arbor, University of Michigan Press, 1949.

include the largest stores, both in floor space and volume. There are some convenience goods retailers located in the central business district, but the shopping and specialty goods stores are the magnets which draw customers from the entire metropolitan area to shop "downtown." The inner core of the central business district has the highest concentration of pedestrian traffic in its relatively small area. Because of all these things land values are highest here so that only high volume retailers can ordinarily compete for premium locations in this area.

In the inner belt immediately surrounding the core, land values are lower and pedestrian traffic less. The separate but related functions of government, finance, professional services, cultural, entertainment, and wholesale activities are found here.

The third area of the central district which usually can be identified is the outer belt. This is generally made up of less desirable commercial structures and dwellings, and some residential areas that have run down and are on the verge of becoming slums.

2. *Main business thoroughfares.* Leading out of central business districts are a number of streets lined with various kinds of retail outlets and services. These thoroughfares are described as "string streets." Such streets are typically heavily traveled by automotive and pedestrian traffic. Retailers located on these streets do not depend on residents of their immediate area for patronage but are favored mostly by people using the street as a thoroughfare. Some of these streets developed when streetcar routes out of the central business district were laid out on fixed rails and various types of commercial enterprises lined both sides of the street car routes. Automobile dealers, furniture stores, and nearly every other type of consumer-goods merchandiser can be found along the main business thoroughfares of most American cities.

3. *Secondary commercial sub-districts.* Merchandise sold in secondary commercial sub-districts is similar to that sold in the central business district. However, the breadth and depth of lines carried is more limited, the stores smaller, and customers are

drawn from a smaller area. A larger proportion of convenience goods stores is located in these areas than in the downtown districts. The areas develop as the population of the central city increases. It then becomes more convenient for people residing in the area served by the secondary shopping areas to shop there more often, instead of journeying downtown to the central business district.

Typically secondary commercial sub-districts are located on heavily trafficked routes between residential areas and the central city. On the basis of parking facilities, two types of secondary shopping areas can be distinguished. The first is located on or off the main business thoroughfares. In these sub-districts only curb parking is available for the automotive customer. Newer and modernized secondary shopping areas attempt to provide off-street parking for customers. All properly controlled neighborhood community or district centers offer this service. The great majority of commercial sub-centers are uncontrolled.

3a. *Controlled secondary sub-centers.* Structurally each type of controlled center is located in relation to the trading area it is designed to serve. Controlled neighborhood centers are located near the areas occupied by neighborhood business districts. Community or district centers of the controlled variety are located in appropriate secondary shopping areas. Controlled suburban shopping centers are situated farther out in suburban areas. Controlled regional shopping centers build either in a suburban location or at a point beyond what is typically considered suburban. In this matrix, then, the next significant retail element is the neighborhood business street.

4. *Neighborhood business streets and areas.* Neighborhood business streets contain convenience goods stores with primarily a neighborhood appeal. These streets typically include a small cluster of several kinds of retail establishments, located on heavily traveled streets or at an intersection of two or more main thoroughfares. The principal trade comes from neighborhood residents.

5. *Small clusters and scattered individual stores.* Clusters and scattered individual stores also deal basically in convenience goods. The clusters are made up of two or more complementary, rather than competitive convenience goods stores. Individual stores and small clusters are scattered throughout the residential areas of cities and towns surrounding the central city wherever population density invites more convenient shopping facilities than provided by neighborhood centers.

6. *Controlled regional centers.* Nearly all controlled regional shopping centers have been built in suburban areas. The centers are intended not only to attract patrons from immediately surrounding areas, but from the entire region or quadrant of the metropolitan area in which they are located. A region may include all customers within a given driving time distance, usually 30 or 40 minutes from the site. Regional centers are located far enough out in suburbia for the land to be relatively inexpensive and where tracts can be utilized without the expense of demolishing many structures.

A basic reason for the suburban location preference is the large amount of non-selling space needed for a regional center. The center's layout is designed to provide ample parking facilities. Parking space may occupy from three to nine times the floor space devoted to the sale of merchandise.<sup>14</sup>

The centers are developing in response to fundamental changes in population distribution, buying habits, and merchandising practices, changes which are expected to continue. They appear to have established themselves sufficiently to be provided for in any scheme of retail land use. (Table VI)

<sup>14</sup> Fisher and Fisher, *op. cit.*, p. 317.

Table VI

THE RETAIL STRUCTURE OF THE METROPOLITAN ECONOMY

<i>Retail Element</i>	<i>General Character</i>	<i>Source of Customers</i>	<i>Store Types</i>	<i>Parking</i>	<i>Traffic</i>	<i>Goods Sold</i>
1. Central Business District A. Inner Core B. Inner Belt C. Outer belt	Inner core and belt solidly commercial. The business and recreational heart of metropolitan economy. Residents fill in back streets. Typically, residential areas are blighted.	Come from all parts of city and tributary area. Sites are most accessible to most consumers. Intra-city transportation converges in this element.	Largest in floor space and volume. Multi-story department store is symbolic. Home of leading specialty shops. Outer belt activity less intense. These stores do smaller volume per unit.	Totally inadequate in inner core and belt. Trend to provide public lots and commercial parking lots to supplement limited curb parking in inner belt and outer belt.	Extremely heavy. Congested during peak periods.	Shopping and specialty goods emphasis. Area is center of apparel, home furnishings, other department store lines. Service and other commercial activities found in belts.
66 2. Main Business Thoroughfares ("String streets")	Mixed zone of retail and light industrial enterprises and working class homes. Featured by long series of miscellaneous stores.	Basically trade is transient, consisting of commuters, suburbanites, and inter-city automotive traffic. Some patronage also from neighborhood residents.	Concentration of larger food stores, automobile dealers, and supply houses, service and convenience goods stores.	Usually dependent on curb parking. Inadequate during most periods.	Streets are main traffic arteries. Usually heavy, but particularly so during commuting peaks.	Essentially business streets. Stores are widely spaced over length of artery.
3. Secondary Commercial Sub-districts (unplanned) A. Neighborhood B. Community or District C. Suburban or Outer	More residential than first two elements. Owner occupied residences increase with distance from general business districts. The sub-districts tend to appear, island-like, along string streets.	Come basically from A, B, or C trade areas. The districts developed as city grew at focal points of intra-city transportation. Dependent on traffic brought by public carriers.	Unplanned competition featuring convenience and shopping goods. "B" and "C" tend to be miniatures of central business districts.	Mostly curb, plus some off-street parking provided by individual merchants.	Since stores typically clustered at key intersections and transfer points of public carriers, this traffic is heavy.	Convenience goods featured in "A". Increasing shopping goods emphasis in "B" and "C".

<i>Retail Element</i>	<i>General Character</i>	<i>Source of Customers</i>	<i>Store Types</i>	<i>Parking</i>	<i>Traffic</i>	<i>Goods Sold</i>
3a. Controlled Secondary Sub Centers a. Neighborhood	Waste area and marginal stores at a minimum. Found near more prosperous residential areas.	Greater dependence on automotive traffic. Parking provided so customers drawn from greater distances than in case of unplanned centers.	Balanced collection of supplementary stores possessing aesthetic appeal. Centers stress convenience and service, not price appeals.	Provided on a cooperative basis within the center. Parking and other facilities related in size to surrounding trade area.	Parking for private automobiles key consideration. Even so, peak periods automotive traffic heavy.	Attempt made to present an integrated retail organism to customers coming from a, b, or c distances: a stresses convenience goods; b and c feature shopping and specialty merchandise.
b. Community or District c. Suburban or Outer	Unified architecturally. Most built after World War II. New, fresh appearance compared to 3.	Generally found in suburban districts.				
4. Neighborhood Business Streets	Residential with commercial usage distinctly secondary.	Neighborhood is primary source. Most customers come from within walking or five minute driving distance.	Usually rows of convenience goods outlets found in center of neighborhood community.	Mostly curb. Due to convenience goods nature of most items sold, parking turnover is rapid.	Heavy during peak hours. Otherwise not a handicap to trade.	Emphasis on food and drugs. Grocery store—drug combination frequent. Service stores common.
67 5. Small Clusters and Scattered Individual Stores	More thinly populated residential areas. Neighborhoods served tend to be middle class.	Come from homes not within easy reach of larger elements in structure. Many walk to stores.	Smallest outlets in structure. Many are marginal. This classification dominated by food and general stores.	Curb and small lot parking usually adequate.	Usually not a problem. The lack of traffic congestion, plus the availability of parking, represents an appeal of this element to customers beyond their normal range.	Usually supplementary and not directly competitive.
6. Controlled Regional Shopping Centers	Overall unity obvious at a glance. Landscaped frequently. Off-street parking. Harmonious effect is objective. May be equipped to serve as area's civic and cultural center.	Draw from families within 30 minute driving range. Customers typically come from a number of suburban communities. Pull varies with effectiveness of central business district retailers and competing centers.	Attempt made to duplicate shopping facilities of central business district with minimum of overlapping. "One stop shopping in the suburbs."	Usually best facilities in metropolitan area. Adequate for all but occasional peak periods.	Problem usually under control as a result of coordinated planning.	One or two department store branches and satellite stores offer widest range of merchandise and services outside central business district.

## CHAPTER VIII

# HISTORICAL PERSPECTIVES

The shopping center movement is only one phase of what has been described as the "retail revolution."<sup>1</sup> Some elements of this revolution have been visible for many years. For instance, integrated large scale retailers, private brands, and discount houses are long term developments. Combined with controlled shopping centers, changes in hours of retailing, increase in self service, and automatic merchandising, these innovations can be said to constitute a revolution in consumer goods marketing. They were accelerated by World War II and the post-war changes to the point where their effect has been great and sudden and therefore seemingly revolutionary. (Peterson suggested that "evolution" not revolution would be a better term because many of the new trends overlap some old practices.<sup>2</sup>)

As with other aspects of the retail revolution, the CRSC has its forerunners. The CRSC of today can be better understood as both a commercial and social institution if its antecedents are considered. Therefore, some of the historical events preceding the emergence of the CRSC are noted in this chapter.

*Origin of the market place.* Markets seem to have developed whenever people were free to exchange their goods under conditions of peace and security. Whether the exchange habits of African natives or of American natives are considered, or the history of ancient China, Egypt, or Rome examined, records of markets in various stages of development are found.<sup>3</sup> Indeed, "marketing originated in the barter of primitive people and hence is older than civilization."<sup>4</sup> Congregating at certain times and places for trading purposes was characteristic of early tribal

<sup>1</sup> Malcolm McNair, Talk given at the American Marketing Association meeting, Washington, D.C., December, 1953.

<sup>2</sup> Eldridge Peterson, "Retailing in Ferment," *Printers' Ink*, December 12, 1952, p. 41.

<sup>3</sup> Vernon A. Mund, *Open Markets*, New York, Harper and Brothers, 1948, p. 3.

<sup>4</sup> Paul Converse and Harvey Huegy, *Elements of Marketing*, New York, Prentice Hall, 1952, p. 41.

groups. The origin of modern shopping centers may be found in such primitive trading activity.

*Dual functions.* In addition to serving as centers for exchange, the early market places fulfilled important social functions. Each Greek city had a designated market place (agora), which served not only as a market place, but for "civic, political, judicial, and festive activities."<sup>5</sup> Market places, before and since, have performed these functions in a wide variety of cultures.

In Europe, both on the continent and especially in England, fairs served to bring people together to exchange goods and join in periodic social life. Due to difficulty of travel, fairs drew people from comparatively short distances, but numerous fairs were held throughout a region. As with the Greek and Roman market place, the medieval fairs were, during their period, a part of the way of life.<sup>6</sup>

Present day market places and shopping centers are not unlike the market places and fairs of past eras. They must also be viewed as a part of the way of life of the people using them. The modern retailer views shopping as a social activity performed by people gathering primarily for a duty, but not necessarily an unpleasant one. A market place or a shopping center can not be appraised merely as a place for economic transactions, though this is their main reason for existence. A shopping center architect recognized the dual role of the modern shopping center.

The modern shopping center will become a center for social, cultural, and recreational life, in addition to its primary function of a shopping facility. On its grounds will be auditoriums, meeting rooms for civic clubs, space and equipment for children's activities, theatres, exhibition halls, and pleasant eating places. It will serve as a community center and in so doing will bring more people on its premises and keep them there for longer periods of time. It will, in short, be a boon to the social and cultural life of the community and a financial success to its tenants and investors.<sup>7</sup>

Gruen believes that in these new regional centers something that had been lost is being recreated, something that existed in the

<sup>5</sup> Mund, *op. cit.*, p. 5.

<sup>6</sup> W. E. Lunt, *History of England*, New York, Harper and Brothers, 1945, 3rd ed., pp. 184-185.

<sup>7</sup> Victor Gruen, "Planned Shopping Centers," *Dun's Review*, May, 1953, p. 118.

Greek agora, the Roman forum, the medieval markets, and the rural New England town of 1800.

The need for the return of this lost element to modern communities is indicated by a statement that a need exists in suburbia, particularly in the new suburbs, for all types of agencies upon which the community might focus. Many of the new mass produced suburbs are communities only in the sense that they are aggregates of dwellings, often identical type houses.<sup>8</sup> If the CRSC can fill part of the social void in these communities by serving as an integrating agency then its financial success as a merchandising venture seems even more secure and its positive influence on the social and cultural life of the community more promising.

Both social and economic aspects of the market place should be understood to appreciate the inadequacy of many present day shopping districts in large cities and the corresponding appeal of regional centers.

*Historic importance of accessibility.* Historically, the more accessible the market place, the more frequent were the trips to it. Any obstacle that led to inconvenience in reaching the shopping district tended to deter prospective customers from going there with a resultant loss to both the economic and social life of the area.

In places where frequent market trips were not possible, intermediaries such as the Yankee peddler arose to perform the function of serving as a medium of communication between families who were unable to reach or be served by a true market district. Understandably, when it was difficult to reach the market in early times, trips were not as frequent or as regular as when conditions of access were improved. In a still later period, central business districts of modern cities were not reached as frequently by suburban residents as conditions of access grew worse.

The shopping center movement flourished as it became increasingly difficult for customers to reach conveniently and circulate freely within shopping districts of larger cities. This increasing

<sup>8</sup> Sidonie M. Gruenberg, "Homogenized Children of New Suburbia," *New York Times Magazine*, September 19, 1954, p. 14.

difficulty of access and circulation prevailed from the earlier part of the 20th century to the present in our larger cities.

*Early 20th century American business districts.* The early 20th century shopping districts in this country were established at transportation and highway terminals convenient for train and trolley transportation. By the early 20th century the retailing pattern of most cities had taken place. Buildings were erected along the streets and sidewalks laid. Streets were often unplanned. When they were planned, it was more often than not with the traffic potential of the immediate short run future in mind. Little attention was given to possible increases in population and transportation vehicles. Usually the conditions of the day determined the adequacy of the streets, sidewalks, and parking areas. In the early days of this century, the parking area was usually the curb and a hitching post.

As population increased and the base of automobile ownership widened, the central shopping district became increasingly congested. The twin forces of population and transportation changes spawned the first suburban shopping centers.<sup>9</sup>

*First centers.* The first important suburban shopping centers did not appear until the 1920's. These centers were of the unplanned variety. Clusters of stores and offices sprang up around Sears Roebuck and Montgomery Ward outlets when these mail order companies began opening suburban stores. These stores drew customers out of the cities and provided parking for their automobiles at the same time as they served the expanding suburban population. As customer traffic appeared around the early suburban retailers, more and more independent merchants were attracted by the new opportunities to locate their stores in expanding suburban business districts.

In the late thirties many suburban retailers began to fall victims to the traffic and parking problems they thought they escaped in the 1920's. The experience of the Class A mail order store of Sears Roebuck on Brookline Avenue in Boston is typical. Sears

<sup>9</sup> S. R. DeBoer, *Shopping Districts*, Denver, Bradford Robinson Printing Co., 1937, p. 5.

was the first store in the Brookline Avenue area in the twenties. Today, it is surrounded by satellite outlets. Recently the parking problem became acute enough to force Sears to offer more than \$100,000 for a small plot of public ground near the store in an effort to alleviate its customer parking difficulties.

When the congestion cycle which this experience typifies repeated itself in the late thirties and forties in many places, the way was cleared for the planned centers that evolved into today's regional shopping centers. In 1951, instead of expanding in an established Boston suburb, Sears located its new Boston area store in Shoppers' World.<sup>10</sup> Over the country Sears Roebuck was a pioneering force in suburban retailing. Its story warrants special attention by shopping center students.

Its policy on store location was another area in which it "capitalized on the inertia of conventional department stores."<sup>11</sup> Sears embraced early the concept of "America on wheels." General Wood, in spite of strong opposition within the organization, maintained that most of Sears' stores should be located in outlying districts. These locations while providing the advantages of lower rental charges would also, due to the automobile, be still within reach of potential customers. Wood saw as early as 1925 that automobile registrations had outstripped parking facilities in downtown metropolitan areas. The locations Wood saw as ideal for Sears' stores were uncongested areas with ample parking space available free to all customers.<sup>12</sup> Students of marketing seem to agree that the location policy of Sears was an important factor contributing to their retail store success.

Some indication of the importance of Sears' location policy to its success as judged by its own major executives can be found in the following excerpt from a report by their chairman and president, titled "A Statement of Policy Governing the Selection of New Store Locations," issued June 30, 1942.

<sup>10</sup> Sears is actively interested in the controlled center movement with plans for entering several new centers. In contrast, Montgomery Ward did not have "plans for opening a store in a shopping center at this time." Letter from R. Dickie, Manager, Real Estate Department, Montgomery Ward, Chicago, May 12, 1953.

<sup>11</sup> Boris Emmet and John Jeuck, *Catalogs and Counters*, Chicago, University of Chicago Press, Copyright 1950 by the University of Chicago, p. 673.

<sup>12</sup> *Ibid.*, p. 546.

In the last analysis, the parking lot has been the largest single factor responsible for the success of our "A" stores.

Our experience in the last ten years has proved that parking space and service facilities are more important to us than the so-called 100% location. In almost all cases, it is obvious that the land costs of locations in the so-called 100% districts will prohibit the selection of sites with sufficient parking space. We must reiterate the paramount importance of ample parking facilities for future stores because post war cars probably will be cheaper to buy and to operate, and the parking problem—even in small towns—is due to increase enormously.<sup>13</sup>

*Other early developments.* Burton has stated that the concentration of mercantile facilities under convenient and pleasant conditions is nothing new in this country.

For the last seventy-five years, roughly as long as the suburb has existed, there have always been such shopping centers, albeit on a less opulent scale, comprising specialty shops, grocery stores, and other essential requirements of any self-contained community. In the 1920's, small branches of big downtown stores began to open in such suburbs as Evanston, Ill., and those along the Philadelphia Main Line. These were essentially "sample stores," where the buyer could make a limited selection of items and order from downtown what wasn't on hand. It took an organizing genius to translate this disorderly and haphazard effort into the coherent selling and shopping pattern. In 1923, the J. C. Nichols Co. opened Country Club Plaza to serve a new real estate development of fine homes on the outskirts of Kansas City, Missouri. Here, for the first time, shoppers' needs were carefully analyzed, adequate parking was provided, landscaping added to the architectural beauty of well-designed buildings, and growth was planned; it didn't just happen. The Country Club and satellite districts now have a population exceeding 100,000 and eleven separate shopping centers.<sup>14</sup>

The Country Club project was based originally on the small, locally owned store. Chain stores and branches from downtown were not permitted until much later. It was a "communal sort of shopping area. A small town's business district reproduced in more orderly and coherent fashion." Country Club Plaza was the prototype for hundreds of similar centers.<sup>15</sup>

*First regional center.* Country Club Plaza opened in 1923, but the first true controlled regional center with one large branch

<sup>13</sup> Emmet and Jeuck, *op. cit.*, p. 546.

<sup>14</sup> Hal Burton, *The City Fights Back*, New York, Citadel Press, 1954, p. 146.

<sup>15</sup> Burton, *op. cit.*, p. 146.

store dominating smaller shops around it did not open until 1950. This was Northgate in Seattle, Washington. Although in the period 1923-1950, suburban population was expanding almost continually, first the depression, next the war, then building restrictions, delayed the CRSC movement until Northgate appeared.

Northgate and the CRSC opened after it, have succeeded. Northgate's sales have increased about 20 percent each year since the center opened. The only regional center which had encountered difficulty as of May, 1955 was Shoppers' World. Spokesmen for Shoppers' World as well as tenants, claimed that the trouble was not in the center itself but in the financing, which called for substantial repayment of the principal after 17 months of operation.<sup>16</sup> From the merchandising viewpoint, all regional centers have had successful records. In March, 1954, six CRSC were doing business and two dozen more were scheduled to open by the end of 1956. All thirty centers were "drawing-board dreams five years ago."<sup>17</sup>

<sup>16</sup> See Chapter X.

<sup>17</sup> *Wall Street Journal*, March 31, 1954, p. 1.

*PART II*

**LOCATIONAL PRACTICES IN THE CONTROLLED  
REGIONAL SHOPPING CENTER MOVEMENT**

## CHAPTER IX

### NOTES ON METHOD

In Part I various locational generalizations drawn from secondary social science sources were considered; the purpose being to attain an understanding of some of the theoretical formulations of location theory. Part II sets forth locational practices actually employed in locating six CRSC. This chapter describes the methods used in obtaining the information reported in Part II.

The primary data in Part II were gathered through personal interviews with shopping center developers. In addition, it reflects information gained from shorter interviews with individuals in marketing who were not affiliated with the six monograph centers.

*Criteria for selection.* Table VII presents certain specifications of the six centers reported in Part II. These centers were selected from among the larger number theoretically available for study on the following grounds.

*Size.* Each center studied was among the largest in operation or projected at the time of the investigation. The average investment represented was more than \$27,250,000. Because of the size of the investment it was assumed likely that each location decision had been carefully considered. This was important since the study was concerned with examining the best locational practice rather than typical ones.

*Location.* Four of the centers serve the New York market, in three different sections of this richest of all United States markets. One center was in the Boston area and the sixth center, Northland, served the Detroit area. Northland is the largest center currently in full operation.

*Ownership.* Three centers were owned by real estate developers and three by department store operators. These two groups dominate the CRSC movement organizationally.

*Time of opening.* All six were developed since World War II. Three were in operation at the time of the study and three in advanced planning stages. Thus, the group included earlier and later centers and both the earliest and latest in site selection techniques were investigated.

In most cases at least two interviews were held at each center with responsible officers familiar with the history of the center and the site selection process.

Table VII  
REGIONAL CENTERS STUDIED

Center	Location	Size in square feet (stores)	Number of stores	Parking facilities	Opening date
Shoppers' World	Framingham, Mass.	500,000	44	6,000	1951
Cross County	Yonkers, N. Y.	900,000	50	5,200	1954
Roosevelt Field	Hempstead, N. Y.	902,954	100	10,000	1956
Garden State Plaza	Paramus, N. J.	1,500,000	100	10,000	1956
Bergen Mall	Paramus, N. J.	1,500,000	100	8,600	1956
Northland	Detroit, Mich.	1,045,000	90	8,841	1954

*Interview procedure.* In each interview the purposes of the study and interview were first described. The respondent related how the particular site for the center was selected, by whom and why. An interview guide was used as a check list to elicit specific information that the respondent did not relate in his informal narrative. Note taking was kept to a minimum during the interview. Such notes were recorded in outline form. Before leaving the respondent's presence, a copy of the interview guide was given to him. Both parties checked to see that all points had been covered. Permission was given to talk with other personnel in the organization where it appeared elaboration of certain points could be helpful. Immediately after each interview the entire interview was recorded in narrative form following the outline of the guide sheet. The interview guide sheet is reproduced in Appendix A.

The primary task of the interviewer was to guide and stimulate the respondent's memory so as to obtain all of the information indicated on the guide sheet.

## CHAPTER X

# SHOPPERS' WORLD, FRAMINGHAM MASSACHUSETTS

*Center location and specifications.* The first CRSC completed was Northgate, opened in May, 1950, north of Seattle. The second CRSC opened on the opposite side of the continent on October 4, 1951. This was Shoppers' World in Framingham, Massachusetts. Actually, preliminary plans for Shoppers' World were underway before Northgate was conceived, but Shoppers' World was not completed until eighteen months later.

Shoppers' World is 17 miles west of downtown Boston, almost midway between Boston and Worcester. It is on the main east to west traffic line in Massachusetts on the heavily trafficked Route 9. Route 30 passes to the rear of the site. The center has a comparatively narrow frontage on Route 9 dominated by the Jordan Marsh circular four level department store around which the center is built.

As shown by the map on page 88, the center is served primarily by Route 9, the Worcester Turnpike. At the time of opening, Route 30 was a secondary road. Customers were expected to reach the center over Routes 9, 30, 126, and 27. Routes 32 and 128 were expected to serve as important feeders.

The total cost of the project was about \$8,500,000. The sales volume in 1955 was about \$19,000,000. The land cost of the 220 acres of the tract was \$200,000. Only 70 acres are devoted to the center. Much of the remaining land is unimproved but serves a function as a buffer area. The center houses 44 tenants in its 500,000 square feet of selling space. Jordan Marsh occupies 175,000 square feet of this, the remainder by other tenants including Sears Roebuck, a Stop and Shop supermarket, and other merchants, mostly local and regional.

It has space for 6,000 cars in the 50 of the 70 acres of the center devoted to parking. There is a basic parking ratio of 3.5 times the amount of parking space to interior selling space. As

many as 10,000 cars have been parked by using unpaved areas owned by the center. The parking area surrounds the center in such a way that on an average day, a shopper need walk only an average of 70 feet from the car to a ramp entrance to the center.

The center was planned to accommodate a maximum of 50 stores including a second department store at the opposite end of the mall from Jordan Marsh. Thus there are provisions for both more parking space and stores in Shoppers' World.

*Financial difficulties.* In January, 1954, a bankruptcy petition was filed by Middlesex Center, Incorporated, operators of Shoppers' World. Middlesex is the operating subsidiary of Suburban Centers Trust, owners of Shoppers' World. This bankruptcy aroused considerable interest among those involved in the shopping center movement. The consensus by early 1955 was that there had been faults in the original financial and operational planning, but that the undertaking would survive. Most merchants were doing satisfactorily. In short, faults in planning brought trouble to the center, but not disaster. Shoppers' World's bankruptcy petition confirms the need for skilled, careful, and coordinated planning. Some of the financial history is included here though this study is not directly concerned with finance.

Suburban Centers Trust originated in Beverly, Massachusetts in 1945 when five investors purchased a tract of vacant land in Beverly Farms for a small shopping center. The group did not follow through on the small center plan because on second thought it "didn't make sense." It was the wrong size, and there were no adequate parking facilities.<sup>1</sup>

They next bought land in Beverly, but after the purchase reconsidered. It was decided this land did not lend itself to the idea of the shopping center being considered. For one thing, the tract purchased was too long and narrow. This meant the stores would have to be spread in the strip center manner. In addition, a street ran through the middle of the tract which would divide the center. These questionable features of the Beverly site are of interest because they are elements of many neighborhood and com-

<sup>1</sup> *Boston Herald Traveler*, September 30, 1951, p. 30A.

munity shopping centers constructed soon after the end of the war. The rejection of these site features represents a step in the evolution of the promoters' ideas on shopping centers.

The developers then consulted Harold Hodgkinson of Filenes. Hodgkinson criticized the small center idea and suggested the partners consider building a larger center which would serve a genuine need. Hodgkinson introduced them to Kenneth Welch. Welch promoted the regional center concept to the developers and later served as economic analyst for Shoppers' World.

Because of various difficulties the Beverly site was abandoned and interest was shifted to Framingham which had been visualized for later development. The Framingham site became the home of Shoppers' World.

As a result, the developers built a center far larger than originally planned. As a shopping center it became a success, but as a real estate venture it was forced to reorganize.

About \$1,700,000 was advanced by the original group plus a number of additional investors, most from the Boston area. The remainder was borrowed from insurance companies. When Middlesex Center (Shoppers' World) could not meet its mortgage payments reorganization under Chapter 10 of the Bankruptcy Act was necessary. The court allowed the petition over protests of the insurance company which had asked for immediate foreclosure.

They maintained that the operators of the center had miscalculated badly on the operating expenses of the center. The developers had figured on \$40,000 a year for these expenses while they actually cost \$240,000. In 1953 the stores paid Middlesex \$600,000 for rent and services. The operating company was able to carry \$236,000 of this through to net operating income. The mortgage terms called for payment of bond interest and principal of \$380,000 annually. The owners were unable to meet these payments and thus went into bankruptcy.<sup>2</sup>

Other shopping center developers interviewed during the course of this study believed the mortgage terms to be too stringent. The developers also gave tenants highly favorable leases.

<sup>2</sup> *Business Week*, January 23, 1954, p. 50.



Architects: Ketchum, Gina and Sharp

Shoppers' World, Framingham, Mass., at peak of parking demand. Land in reserve could double present parking area.

Jordan Marsh, for instance, obtained a rent of two and one-half percent of the gross for its branch. The center's analysts had maintained three percent would be barely adequate.

Others questioned were in agreement that the source of the trouble was not with the stores. Practically all of these had been operating profitably though not fully meeting their expectations. Jordan Marsh was pleased with its 1953 volume which was a 20 percent increase over 1952. The center as a whole increased its sales volume 12 percent in 1953 over 1952.

It has been claimed that the center's inability to attract another department store at the other end of the mall opposite Jordan Marsh was the basic reason for the center's trouble.<sup>3</sup>

The absence of a heavily trafficked highway at the north end of the center was a factor advanced to explain the reluctance of another department store to occupy the site. The illustration on page 82 indicates the incompleteness of the center with the open mall at the north end. This area is now used as a children's playground.

It has been stated that the unfortunate accumulation of difficulties was definitely reflected in an inability to interest other promising tenants.

In December, 1954, parties closely interested in the success of the center were enthusiastic over the future prospect of Shoppers' World. They believed that when Route 30 is improved and the Massachusetts Tollway passes the center over Route 30 Shoppers' World will be able to meet its obligations.<sup>4</sup> They also believed that as highway conditions improve, building in the surrounding countryside will increase and eventually a second department store will come into the center.

*Locational process.* When the developers expanded their thinking from a community shopping center as originally planned, to a regional center as constructed in Framingham, they attempted

<sup>3</sup> Some stores in Shoppers' World farthest from the department store did less business than comparable stores near the Jordan Marsh branch.

<sup>4</sup> Massachusetts announced in February, 1953 that the cross state toll road scheduled for completion in 1955 will swing north to pass close to Shoppers' World. A traffic interchange is to be built which will give easy access to the center from the toll road.

to interest leading Boston stores. They succeeded in leasing to Jordan Marsh, the largest department store in New England and about the third largest in the country.

After the end of the war, Jordan Marsh had arrived at a policy decision to build three branches around the city of Boston, one to the west, another to the north, and a third to the south. When Jordan Marsh decided to proceed with a western branch first, its decision fitted into plans for the Framingham site.

Previously they had decided that any branch store should be within a 40-mile radius of Boston. This limit was chosen because it is about the distance a shopper could travel in an hour by automobile. Since Shoppers' World had a site that met this and other specifications, agreement on the Framingham location as a site for a branch was concluded.

When the economic analysis of the site was completed, it seemed evident that Framingham was the best possible site west of Boston. The Framingham-Natick area could not support a single large new store, much less a CRSC but within a 40-mile radius 4,500,000 people lived in prosperous communities. This seemed the market to aim at.

Primary reliance was placed on census data in the regional analysis. The site selection decision was made largely on the basis of personal explorations of available properties. Eight sites were examined before the decision to purchase the tract. Up to the minute published sources of information useful in site selection procedure were not available.

*Regional factors.* In this case the regional choice was determined by the interests of Jordan Marsh and a group of investors. Practically the question settled down to finding the site in the region most suitable. The remainder of this chapter is primarily concerned with an analysis of the area surrounding the site.

The principal promoter considers that the following five requirements are necessary before building a successful regional center. They are reflected in the Framingham site selection.

1. A population of 300,000 to 900,000 living within 29 minutes driving time of the site. If only 15 percent of these residents

spend more than \$500 at the center, its gross sales will be at least \$22,500,000.

2. An accepted and progressive department store offering a complete line of merchandise and strong enough to attract other merchants to the center.

3. An available site of about 50 acres to accommodate approximately 60 stores with a four to one parking ratio. The developer should own a considerable amount of adjacent property to control the future use of contiguous land. This additional land is available for residential developments which will add to the market and provide a buffer area for the center.

4. At least 70 percent of floor space in the center should be devoted to the sale of style merchandise. In the center there should be a complete line of stores able to fill four to five hours of a shopper's time, including entertainment, eating, and service facilities.

5. Access to the center should be through a network of primary and *secondary* routes. This emphasis on secondary routes is interesting and somewhat unique among shopping center builders. The Shoppers' World site is served by only one primary route. (Other developers attributed part of Shoppers' World's difficulties to this fact, maintaining that at least two primary roads are necessary.) The Shoppers' World developer maintains that secondary roads are more important than the primary ones. This is so because most customers of the center are women who do not like to weave in and out of traffic but who prefer to and do use quieter secondary roads. Heavy traffic conditions were one of things that made women dissatisfied with downtown shopping districts.

The reason another site for a proposed CRSC north of Boston was selected by this promoter was the maze of secondary roads serving the site. Other sites that were more adequately served by primary roads than the one selected were rejected.

The statistical research reported below was undertaken only after the Framingham site had been inspected several times and the conclusion reached that it generally fulfilled the above requirements. It was impressive that the Framingham site was at

the center of the third largest retail trading area within a 40-mile radius of any American city.

Following the location selection, it was necessary to determine the number of stores to occupy the center.<sup>5</sup> This was accomplished through an analysis of the purchasing power of families within a 29-minute driving time distance of the site.<sup>6</sup> The analysis of regional purchasing power indicated the center could support about 50 stores and 500,000 square feet of selling space.<sup>7</sup>

*Summary of research method.* In the economic analysis that was undertaken after it had been concluded that the site was generally satisfactory, it was necessary to map the probable trading area to be served by the center. The population and buying power within the trading area were calculated. Next, the amount of retail sales in the zone was estimated. A series of discounts to the basic census population data was applied to arrive at a conservative figure of the center's probable business. The discounts were on the basis of income status, acquired buying habits, convenience, competition, and time distance. The resulting figures indicated the total number of families in the area that would be likely to trade at the new center.

Census materials were obtained concerning the average expenditures per family of the towns in the trading area for fashion goods and food. The discounts were applied. The region's probable expenditures at the center were then estimated.

*Trading area determination.* The trading area was estimated to be within a distance of 29 minutes driving time of the site in all directions. The figure of 29 minutes was selected arbitrarily. It was thought to be conservative at the time, but the developers decided to be as conservative as possible and realistic in their

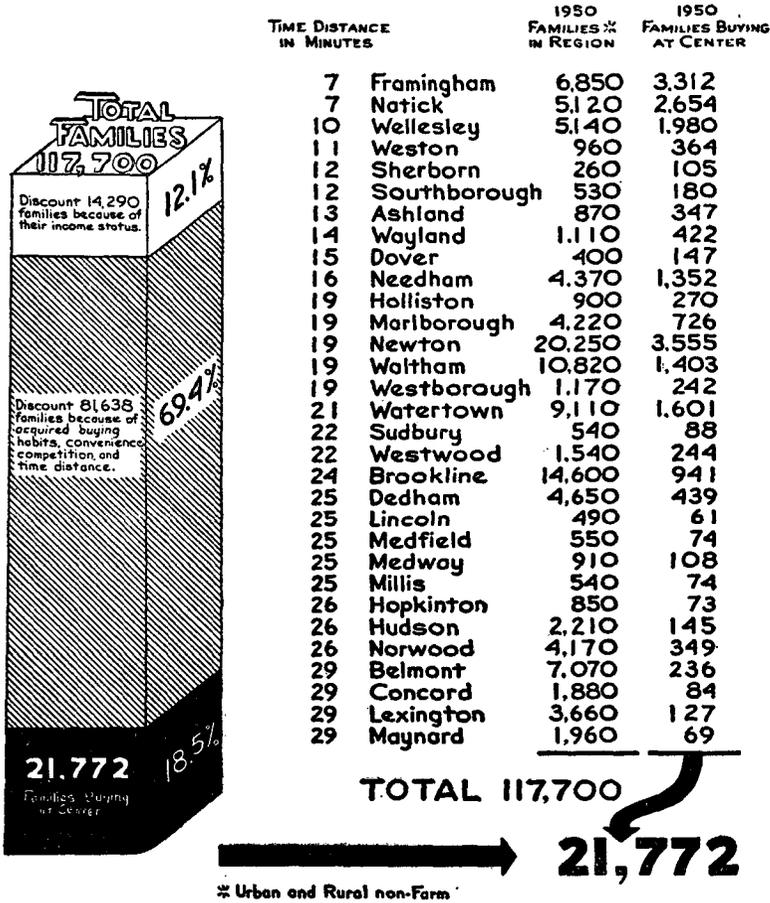
<sup>5</sup> The problem of center composition is not a concern of this investigation. However, in the first case history, Shoppers' World's method of solving the problem is reported. The other developers followed substantially the same method of analysis.

<sup>6</sup> Driving time distance is the time it takes the average driver to travel from any given point to the site location. Due to different conditions at various times of the day, week, or year, average times are used in mapping the trading area.

<sup>7</sup> This study was conducted by National Planning and Research, Inc., formerly National Market Research. It set the pattern for many similar location studies and is still useful as a model.

market calculations. When the 29-minute figure was decided upon, the researchers knew that consumers in the west were driving up to 35 and more minutes to outlying shopping centers when

Table VIII



SHOPPERS' WORLD IN NEW ENGLAND  
Framingham, Route 9

they were confident of finding parking and satisfactory merchandise at the end of their drive. However, because they were dealing



The map shows a prime area circle of 31 towns. Using census figures of population for the communities included in the driving time zone, the population of the area was established as 117,700 families. At the time the decision was made to purchase the site, 1950 census figures were not available; population was estimated using the best available data, including utility records. The chart on page 87 summarizes the results of this phase of their research revised to include the 1950 figures.

*Buying power calculations.* The developers were aware that not all of the 117,000 families could be considered as potential customers of the center. They decided to rule out all families of the lowest income groups. As the table on page 90 indicates, the center is in a prosperous area. For example, 45.3 percent of United States families in 1950 had incomes of less than \$3,000 yearly. Only 12.1 percent or 14,290 families in the trading area to be served by Shoppers' World had incomes of less than \$3,000. Conversely, only 8.2 percent of all United States families had incomes in 1950 over \$8,000 while 26.6 percent of the trading area's families were in this group.

*Income discount.* Though they hoped that some low income families would find their way to the center, these families were eliminated from the market potential estimate. It was believed that people having this income would not have easy access to automobiles and therefore could not conveniently reach the center. The project does not include any provisions for walk-in trade; unlike some other centers, it is completely dependent on automotive traffic.

The developers hoped that buses would be run to the center but since the immediate area was undeveloped, and adequate bus routes not yet established, reliance was placed on the automobile-owning public exclusively, thus the income limitation. Bus traffic, however, accounts for about three or four percent of the shoppers visiting the center.

Table X on page 90 summarizes by income groups the family expenditures for fashion shopping goods and food by residents

Table IX

## DISTRIBUTION OF FAMILIES\* BY INCOME GROUPS—1950

	<i>Very Low</i> <i>Under</i> \$3,000	<i>Low</i> \$3,000— \$4,500	<i>Medium</i> \$4,500— \$8,000	<i>High</i> <i>Over</i> \$8,000	<i>Total</i>
United States	15,200,000	7,820,000	7,780,000	2,750,000	33,550,000
United States %	45.3	23.3	23.2	8.2	100.0
Massachusetts	346,000	388,000	333,000	153,000	1,220,000
Massachusetts %	28.4	31.8	27.3	12.5	100.0
Boston	62,210	63,040	59,740	21,010	206,000
Boston %	30.2	30.6	29.0	10.2	100.0
Middlesex Center	14,290	24,190	47,880	31,340	117,700
Middlesex Center %	12.1	20.6	40.7	26.6	100.0

Table X

EXPENDITURES FOR FASHION SHOPPING GOODS, IN APPAREL  
AND HOME FURNISHINGS

	<i>Very Low</i> <i>Under</i> \$3,000	<i>Low</i> \$3,000— \$4,500	<i>Medium</i> \$4,500— \$8,000	<i>High</i> <i>Over</i> \$8,000	<i>Total</i>
Total Expenditures for all families within the area	\$3,930,000	\$13,910,000	\$54,100,000	\$63,620,000	\$135,560,000
Expenditures per family	\$275	\$575	\$1,130	\$2,030	
Expenditures at Middlesex Center	\$796,000	\$2,827,000	\$10,959,000	\$12,871,000	\$27,444,000**
Per Cent	2.9	10.3	39.9	46.9	100.0

## EXPENDITURES FOR FOOD (Includes Eating and Drinking)

Total Expenditures for all families within the area	\$8,000,000	\$25,400,000	\$69,665,000	\$62,680,000	\$165,745,000
Expenditures per family	\$560	\$1,050	\$1,455	\$2,000	
Expenditures at Middlesex Center	\$507,000	\$1,615,000	\$4,443,000	\$3,990,000	\$10,555,000**
Per Cent	4.8	15.3	42.1	37.8	100.0

\* Urban and Rural Non-Farm.

\*\* Includes families with incomes under \$3,000.

of the area and their likely purchase of these items at the new center.

The 1950 distribution of families by income groups in the 31 towns in the prime trade area is given in Table XI on page 91.

*Other discounts.* After discounting for low incomes, the re-

Table XI

## 1950 DISTRIBUTION OF FAMILIES\* BY INCOME GROUPS

	<i>Very Low Under \$3,000</i>	<i>Low \$3,000- \$4,500</i>	<i>Medium \$4,500- \$8,000</i>	<i>High Over \$8,000</i>	<i>Total</i>
Framingham	860	1,800	3,420	770	6,850
Natick	660	1,430	2,660	370	5,120
Wellesley	190	350	1,660	2,940	5,140
Weston	110	140	330	380	960
Sherborn	60	80	90	30	260
Southborough	130	180	170	50	530
Ashland	200	270	310	90	870
Wayland	260	320	410	120	1,110
Dover	40	50	190	120	400
Needham	210	510	2,180	1,470	4,370
Holliston	200	280	320	100	900
Marlborough	920	2,020	1,160	120	4,220
Newton	1,830	2,370	7,470	8,580	20,250
Waltham	2,320	3,550	4,450	500	10,820
Westborough	290	350	420	110	1,170
Watertown	770	2,460	4,600	1,280	9,110
Sudbury	200	160	140	40	540
Westwood	120	180	730	510	1,540
Brookline	1,160	1,140	4,800	7,500	14,600
Dedham	470	1,160	2,370	650	4,650
Lincoln	80	90	180	140	490
Medfield	140	140	220	50	550
Medway	310	320	250	30	910
Millis	130	190	180	40	540
Hopkinton	320	340	170	20	850
Hudson	630	940	600	40	2,210
Norwood	370	1,170	2,260	370	4,170
Belmont	520	740	3,210	2,600	7,070
Concord	130	310	750	690	1,880
Lexington	140	340	1,620	1,560	3,660
Maynard	520	810	560	70	1,960
<b>TOTAL</b>	<b>14,290</b>	<b>24,190</b>	<b>47,880</b>	<b>31,340</b>	<b>117,700</b>

\* Urban and Rural Non-Farm.

searchers discounted other families on the basis of acquired buying habits, time distance, and existing competition. The double spread chart in Table XII illustrates these discounts. For example, Framingham, with a family population of 5,990, after deducting low income groups, is seven minutes from the center. A low dis-

count of 15 percent was applied because of this seven-minute distance. This compares with an 88 percent discount applied to the last four towns on the chart, Belmont, Concord, Lexington, and Maynard which are 29 minutes driving time from the center.

A discount for existing competition was applied. Consider the case of Wellesley, the third town on the double spread. This community of 5,140 families has the second highest per capita income in Massachusetts. Brookline, 24 minutes from the center, has the highest. Wellesley is ten minutes or six miles from the Shoppers' World. But because Wellesley was already a noted shopping center in its own right, known for its fine shops and adequate parking facilities, it was discounted 50 percent for fashion goods. Thus, after applying discounts for income and existing competition to the 5,140 Wellesley families, only 1,980 of these families were counted in the market for fashion goods. Note that the discount for food is in all cases higher, reflecting the convenience goods nature of this classification. In the case of Wellesley the food discount was 75 percent.

The discounts for items other than income resulted in a deduction of 81,638 families or 69.4 percent of the families in the prime driving time zone. The two main discount classifications together totalled 81.5 percent of the trading area. This left 21,772 of the original 117,700 families or 18.5 percent. It was thought that this core of families would do the bulk of their shopping at the center. Towns and cities beyond the 29-minute zone were not included in the calculations. Worcester, for instance, with its population of 202,000, but 38 minutes from the site was among those omitted. Such cities were considered part of the safety factor in the estimates.

*Retail sales.* The researchers accumulated census figures of retail sales and family expenditures for fashion and food goods for each town or city in the prime zone. They used the average expenditures per family and applied the discounts shown to arrive at the number of families from each town and the amounts likely to be expended at the center.

The result of these calculations appears on the bottom line of

Table XII  
SHOPPERS' WORLD OF NEW ENGLAND  
Framingham, Mass.

City or Town	1950 Population*	1950 Families*	Families after Discount for Incomes	Time Distance		FASHION—SHOPPING GOODS IN APPAREL AND HOME FURNISHING						Foods (Includes Eating and Drinking)					
				In Minutes	Discount	Discount for Existing Competition	Families Buying at Center		Average Expenditures per Family	Total Expenditures of Families after Discount for Incomes	Expenditures at Center	Discount for Existing Competition	Families Buying at Center		Average Expenditures per Family	Total Expenditures of Families after Discount for Incomes	Expenditures at Center
							%	Number					%	Number			
Framingham	27,845	6,850	5,990	7	15	35	55.3	3,312	\$1,079	\$6,463,000	\$3,577,000	70	25.5	1,527	\$1,403	\$8,404,000	\$2,142,000
Natick	19,663	5,120	4,460	7	15	30	59.5	2,654	1,027	4,580,000	2,726,000	70	25.5	1,137	1,368	6,101,000	1,555,000
Wellesley	20,847	5,140	4,950	10	20	50	40.0	1,980	1,626	8,049,000	3,220,000	75	20.0	990	1,750	8,663,000	1,733,000
Weston	4,330	960	850	11	22	45	42.9	364	1,440	1,224,000	525,000	75	19.5	166	1,630	1,386,000	270,000
Sherborn	1,030	260	200	12	25	30	52.5	105	1,045	209,000	110,000	80	15.0	30	1,375	275,000	41,000
Southborough	2,100	530	400	12	25	40	45.0	180	993	397,000	179,000	80	15.0	60	1,340	536,000	80,000
Ashland	3,300	870	670	13	26	30	51.8	347	1,027	688,000	356,000	80	14.8	99	1,362	913,000	135,000
Wayland	4,090	1,110	850	14	29	30	49.7	422	1,050	892,000	443,000	80	14.2	121	1,378	1,171,000	166,000
Dover	1,430	400	360	15	32	40	40.8	147	1,352	487,000	199,000	80	13.6	49	1,578	568,000	77,000
Needham	16,262	4,370	4,160	16	35	50	32.5	1,352	1,381	5,745,000	1,867,000	90	6.5	270	1,598	6,647,000	432,000
Holliston	3,270	900	700	19	45	30	38.5	270	1,037	726,000	280,000	90	5.5	39	1,370	959,000	53,000
Marlborough	15,741	4,220	3,300	19	45	60	22.0	726	823	2,717,000	597,000	90	5.5	181	1,226	4,048,000	222,000
Newton	80,996	20,250	18,420	19	45	65	19.3	3,555	1,477	27,206,000	5,251,000	90	5.5	1,013	1,660	30,572,000	1,682,000
Waltham	47,198	10,820	8,500	19	45	70	16.5	1,403	951	8,085,000	1,334,000	95	2.75	233	1,320	11,220,000	308,000
Westborough	6,590	1,170	880	19	45	50	27.5	242	1,020	898,000	247,000	90	5.5	48	1,360	1,197,000	65,000
Watertown	37,339	9,110	8,340	21	52	60	19.2	1,601	1,104	9,211,000	1,768,000	95	2.4	200	1,417	11,820,000	283,000
Sudbury	2,090	540	340	22	57	40	25.8	88	974	331,000	85,000	95	2.15	7	1,330	452,000	9,000
Westwood	5,770	1,540	1,420	22	57	60	17.2	244	1,383	1,964,000	338,000	95	2.15	31	1,600	2,269,000	49,000
Brookline	56,952	14,600	13,440	24	65	80	7.0	941	1,585	21,304,000	1,491,000	95	1.75	236	1,725	23,182,000	405,000
Dedham	18,499	4,650	4,180	25	70	65	10.5	439	1,116	4,666,000	490,000	95	1.5	63	1,425	5,958,000	90,000
Lincoln	1,980	490	410	25	70	50	15.0	61	1,317	540,000	80,000	95	1.5	6	1,551	636,000	9,000
Medfield	4,110	550	410	25	70	40	18.0	74	1,054	432,000	78,000	95	1.5	6	1,380	567,000	8,000
Medway	3,440	910	600	25	70	40	18.0	108	878	527,000	95,000	95	1.5	9	1,265	759,000	11,000
Millis	2,090	540	410	25	70	40	18.0	74	958	393,000	71,000	95	1.5	6	1,322	542,000	8,000
Hopkinton	3,130	850	530	26	77	40	13.8	73	806	428,000	59,000	95	1.15	6	1,213	644,000	7,000
Hudson	8,131	2,210	1,580	26	77	60	9.2	145	820	1,299,000	119,000	95	1.15	18	1,228	1,939,000	22,000
Norwood	16,693	4,170	3,800	26	77	60	9.2	349	1,048	3,983,000	366,000	95	1.15	44	1,380	5,248,000	60,000
Belmont	27,379	7,070	6,550	29	88	70	3.6	236	1,424	9,327,000	336,000	95	.6	39	1,624	10,637,000	63,000
Concord	8,676	1,880	1,750	29	88	60	4.8	84	1,387	2,427,000	116,000	95	.6	11	1,595	2,795,000	17,000
Lexington	17,098	3,660	3,520	29	88	70	3.6	127	1,465	5,192,000	186,000	95	.6	21	1,657	5,834,000	35,000
Maynard	6,975	1,960	1,440	29	88	60	4.8	69	861	1,240,000	59,000	95	.6	9	1,252	1,803,000	11,000
TOTAL	475,044	117,700	103,410					21,772†		\$131,630,000	\$26,648,000			6,675†		\$157,745,000	\$10,048,000†

\* Urban and Rural non-Farm.

† Excluding families with incomes under \$3,000.

figures of the spread in Table XII. This line shows a population of 475,044 people in the area or 117,700 families. After deducting for low income groups, 103,410 families remained. After applying discounts for time distance and existing competition 21,772 families remained to constitute the basic market. This represents an elimination of 81,638 families for the time distance and competition discounts. It was estimated that \$131,630,000 would be the amount spent by families in the trading area for fashion goods after the low income groups were eliminated. The other discounts revealed that \$26,648,000 represented the likely expenditure at the center for these items. Similarly, it was estimated that 6,675 families would spend out of their total expenditures for food of \$157,745,000, about \$10,048,000 at the center.

Adding fashion and food items, \$36,696,000 was obtained as the total estimate of the center's probable volume when in full operation. This volume indicated to the developers that based on the discounted purchasing power of families within the 29 minute driving distance zone, the center could support two department stores and about 48 satellite stores. Shoppers' World's analysis of retail sales by local stores within the prime trading zone is included in Table XIII following page 93. Retail sales figures of stores in the region, taken from the 1948 Census of Business, indicate that the 4,276 stores in the area sold \$373,937,000 worth of merchandise. This is an average per family sales figure of \$3,140.

*Other site factors.* Some of the site factors considered important have already been described. Owners were seeking a site with a tributary area of from 300,000 to 900,000 persons within 29 minutes driving time of the project, with a prosperous suburban area, and accessible to automotive traffic by several highways.

In addition they wished a site that offered no unusual construction difficulties. It was emphasized that land cost was and is the cheapest element in CRSC construction. The cost depends on the potential of the land in relation to space. In this case the land cost was low (\$200,000) but that was entirely incidental. As much as \$35,000 an acre has been paid for a CRSC site.

Part of the Shoppers' World site had been used as a plant nursery before the shopping center was begun. Many hundreds of shrubs had to be removed along with 50,000 yards of topsoil. More important, the contractors had to blast through 20,000 cubic yards of ledge and move another 150,000 cubic yards of earth before actual construction began. One site weakness appeared after the center was built, i.e., the drainage was unsatisfactory.

By far the most important point favoring the site was its central position in a concentrated population area. The 29 minute driving zone around the site included the largest possible Boston area suburban population. It was said that if a move were made to any site in any direction from the Shoppers' World tract and a 29-minute driving zone drawn around the new site, population would be lost in the process.

The developers could have purchased a site in the Framingham area on the south side of Route 9. The highway pattern dictated the choice of the site on the north. It was known from the ten year highway plan of the state that Route 30 was to be strengthened in the future and that the cross state tollway would probably connect with Route 30. These were reasons enough to choose the north side of Route 9.

Table XIII  
SHOPPERS' WORLD

Retail Sales by Local Stores, From U. S. Census of Business—1948  
(Not Including Sales by Stores Elsewhere to Residents of Area)

	<i>Number of Families</i>	<i>Total</i>	<i>General Merchandise Group</i>	<i>Apparel Group</i>	<i>Furniture Household Radio Group</i>	<i>Total G. A. F. Groups</i>	<i>Food Group</i>	<i>Eating and Drinking Places</i>	<i>Total Food and Eating and Drinking Places</i>	<i>Drug Stores</i>	<i>All Other Stores</i>
<b>BELMONT</b>	7,070										
Number of Stores		201	6	12	7	25	68	16	84	21	71
**Sales		14,936	224	325	239	788	7,262	654	7,916	1,253	4,979
**Sales per Store		74	37	27	34	32	107	41	94	60	70
Sales per Family		2,113	32	46	34	112	1,028	92	1,120	177	704
<b>BROOKLINE</b>	14,600										
Number of Stores		458	9	66	37	112	127	49	176	40	130
**Sales		51,690	671	5,388	2,461	8,520	15,869	3,658	19,527	2,533	21,110
**Sales per Store		110	75	81	67	76	125	75	111	63	162
Sales per Family		3,536	46	369	168	583	1,086	250	1,336	173	1,444
<b>CONCORD</b>	1,880										
Number of Stores		90	4	9	3	16	16	12	28	3	43
**Sales		8,693	294	515	180	989	2,240	614	2,854	372	4,478
**Sales per Store		96	74	57	60	62	140	51	102	124	104
Sales per Family		4,620	156	274	96	526	1,190	326	1,516	198	2,380
<b>DEDHAM</b>	4,650										
Number of Stores		139	5	5	7	17	40	24	64	6	52
**Sales		10,013	401	227	205	833	3,545	1,130	4,675	491	4,014
**Sales per Store		72	90	45	29	49	89	47	73	82	77
Sales per Family		2,152	86	49	44	179	762	243	1,005	106	862
<b>FRAMINGHAM</b>	6,850										
Number of Stores		353	12	43	28	83	82	54	136	12	122
**Sales		31,833	2,451	2,745	2,404	7,600	8,631	4,309	12,940	974	10,369
**Sales per Store		90	204	64	86	91	105	80	95	81	85
Sales per Family		4,650	358	401	351	1,110	1,260	628	1,888	142	1,510
<b>HUDSON</b>	2,210										
Number of Stores		120	5	9	8	22	39	20	59	4	35
**Sales		7,034	489	316	533	1,338	2,309	551	2,920	218	2,558
**Sales per Store		59	98	35	67	61	61	28	50	55	73
Sales per Family		3,182	221	143	241	605	1,072	250	1,322	99	1,156
<b>LEXINGTON</b>	3,660										
Number of Stores		114	3	13	6	22	26	10	36	8	48
**Sales		8,995	325	395	144	864	2,875	236	3,111	562	4,458
**Sales per Store		79	108	30	24	39	111	24	86	70	93
Sales per Family		2,460	89	108	39	236	786	64	850	154	1,220
<b>MARLBOROUGH</b>	4,220										
Number of Stores		236	5	20	18	43	67	48	115	7	71
**Sales		14,321	840	1,085	888	2,813	4,465	1,266	5,731	351	5,426
**Sales per Store		61	168	54	49	65	67	26	50	50	76
Sales per Family		3,394	199	256	210	665	1,060	300	1,360	83	1,286
<b>MAYNARD</b>	1,960										
Number of Stores		108	2	16	8	26	24	21	45	3	34
**Sales		6,916	80*	570	322	972	2,896	755	3,651	195*	2,098
**Sales per Store		64	40*	36	40	37	121	36	81	65*	62
Sales per Family		3,525	41	290	164	495	1,475	385	1,860	100	1,070
<b>NATICK</b>	5,120										
Number of Stores		161	6	12	13	31	42	17	59	7	64
**Sales		10,675	338	422	1,072	1,892	3,363	572	4,335	485	3,963
**Sales per Store		66	56	40	82	61	90	34	73	69	62
Sales per Family		2,085	66	94	210	370	735	112	847	95	773
<b>NEEDHAM</b>	4,370										
Number of Stores		120	3	12	11	26	29	8	37	6	51
**Sales		10,281	120*	569	455	1,144	3,896	404	4,300	488	4,349
**Sales per Store		86	40*	47	41	44	134	51	116	81	85
Sales per Family		2,353	28	130	104	262	890	92	982	112	997
<b>NEWTON</b>	20,250										
Number of Stores		545	17	48	34	99	145	57	202	39	205
**Sales		51,479	864	2,635	2,581	6,080	18,418	2,203	20,621	3,277	21,501
**Sales per Store		94	51	55	76	61	127	39	102	84	105
Sales per Family		2,542	43	130	128	301	909	109	1,018	161	1,062
<b>NORWOOD</b>	4,170										
Number of Stores		195	9	23	12	44	49	27	76	12	63
**Sales		17,271	646	1,253	900	2,799	6,489	1,211	7,700	571	6,201
**Sales per Store		88	72	55	75	64	132	45	101	48	98
Sales per Family		4,142	155	300	215	670	1,552	291	1,843	137	1,492
<b>WALTHAM</b>	10,820										
Number of Stores		487	17	45	26	88	145	67	212	27	160
**Sales		48,190	9,881	2,797	1,825	14,503	12,927	2,666	15,593	1,745	16,349
**Sales per Store		99	581	62	70	165	89	40	73	65	102
Sales per Family		4,455	912	258	168	1,338	1,194	246	1,440	161	1,516
<b>WATERTOWN</b>	9,110										
Number of Stores		318	6	19	10	35	88	65	153	18	112
**Sales		34,093	737	956	406	2,099	15,081	2,394	17,475	821	13,698
**Sales per Store		107	123	50	41	60	172	37	114	46	122
Sales per Family		3,741	81	105	44	230	1,655	263	1,918	90	1,503
<b>WELLESLEY</b>	5,140										
Number of Stores		165	8	33	10	51	31	11	42	8	64
**Sales		23,347	788	4,618	372	5,778	5,127	508	5,635	884	11,050
**Sales per Store		141	98	140	37	113	165	46	134	111	173
Sales per Family		4,542	153	900	72	1,125	1,000	100	1,100	172	2,145
<b>OTHER PLACES</b> (includes farm families)	12,980										
Number of Stores		466	13	9	17	39	122	103	225	16	186
**Sales		24,120	503	175	488	1,166	8,120	3,015	11,135	1,034	10,785
**Sales per Store		52	39	19	29	30	66	29	49	65	58
Sales per Family		1,858	39	13	38	90	625	232	857	80	831
<b>TOTAL</b> (includes farms)	119,060										
Number of Stores		4,276	130	394	255	779	1,140	609	2,749	237	1,511
**Sales		373,937	19,652	25,051	15,475	60,178	123,973	26,146	150,119	16,254	147,386
**Sales per Store		87	151	64	61	77	109	43	86	68	97
Sales per Family		3,140	165	210	130	505	1,040	220	1,260	136	1,239
<b>METROPOLITAN BOSTON</b>	604,050										
Number of Stores		24,417	811	2,214	1,230	4,255	7,661	3,994	11,655	1,143	7,364
**Sales		2,261,260	362,162	196,072	100,597	658,831	599,652	214,290	813,942	76,005	712,482
**Sales per Store		93	446	89	82	155	78	54	70	66	97
Sales per Family		3,745	600	324	167	1,091	992	356	1,348	126	1,180

Metropolitan Boston consists of all of Suffolk County; portions of Middlesex, Essex, Norfolk and Plymouth Counties.  
\* Figure estimated.

\*\* Add 000.

## CHAPTER XI

### CROSS COUNTY, YONKERS, NEW YORK

*Center location and specifications.* The Cross County Center is situated on a 70-acre site in Yonkers, New York. It is in the middle of Westchester County running east and west and about in the population center of the county. As shown by the map on page 96, it is located about midway between the Hudson River and Long Island Sound, one and one-half miles north of New York City, and in the middle of the area where Manhattan and the Bronx expand into Westchester and Fairfield Counties and the Connecticut suburbs.

The first of the 50 stores in the Cross County Center opened for business in April, 1954. Its two department stores, John Wanamaker and Gimbel Brothers, did not open until 1955. The center represents an investment of \$30,000,000; about \$20,000,000 for costs was incurred in developing and constructing the center and \$10,000,000 by tenants in outfitting and improving its stores. The complete center will have 900,000 square feet of store space; Wanamaker's and Gimbel's each contain 236,000 square feet of floor space. Remaining space will be occupied by 48 satellite stores. Parking for 5,200 cars will be provided. The expected gross revenue of the center is in excess of \$80,000,00. During the average shopping day, 25,000 people visit the center. Special events have brought 50,000 people to the center in one day. The property is owned by Cross Properties, Inc.

*Locational process.* By the end of 1954, only two parties were left of the original syndicate that first began discussing the center in 1947. One of these was the John Wanamaker department store, the other a Yonkers realtor who conceived the idea of a shopping center at the site and interested Wanamaker and others in the project.

Wanamaker's was the first department store to commit themselves to establishing a full line store in a shopping center in the



the suburbs it becomes incumbent on the store to follow them if it is to continue to serve them. It was not only worried about the loss of present family business but the loss of their children's business and loyalty. Department stores, more than other retailers, serve generations of a family. Necessarily these stores must take a long range viewpoint by looking to future generations.

The large department store is the magnet that draws other retailers to a new center and later draws the customers. Developers have found that they are not able to progress far in financing or attracting tenants without the support and encouragement of a large department store as the heart of the center.

In 1947, the original 54-acre site was owned by Westchester County. It had been purchased by the county as a prospective recreation center. However, the city of Yonkers created a special zone for regional shopping centers for the site. It was the first site in the country to be specifically zoned for a regional shopping center.

Some opposition appeared to this zoning change. However, the city decided that the most advantage would accrue to all in the community if the site were zoned for business use. Considerable support for the rezoning action lay in the fact that the center would bring in \$300,000 to \$400,000 yearly in "clean" real estate taxes in the community. That is, this revenue would not be counter-balanced by expenditures for schools, police service, or additional fire protection. The center maintains its own traffic system, protective employees, and the buildings are fireproofed.

In 1948, Wanamaker's acquired 14½ acres of the site and committed itself to build there if the rest of the property was developed as a shopping center. It secured exclusive rights for department store operation on all the property. The Wanamaker store was placed at the east end of the center on its property.

The Midhattan Operating Company was formed to develop the center. After some disagreements among the many small investors within the syndicate, Cross Properties bought out Midhattan, and became the developing corporation. Wanamaker's gave relief from a deed restriction by allowing Gimbel's to locate in the center. Gimbel and Wanamaker were friendly competi-

tors in New York and Philadelphia. Both stores were confident they could work together in the unique CRSC situation. They intended to offer competitive and complementary merchandise to allow the consumer to do comparison shopping.

*Regional factors.* Three factors were basic in the selection of the site. The first was the large regional population. An estimated 1,500,000 people live within ten minutes driving time of the site. The map indicates some other driving time distance relationships that made the tract a prime site. Eighteen minutes driving time to the south is Long Island. Nineteen minutes to the northeast is Connecticut. The George Washington Bridge and the entrance to the New Jersey markets are 13 minutes away. The center can be reached from as far south as 79th Street and West Side Drive in New York City in less than 30 minutes. The Fordham Road area of the Bronx is slightly more than 12 minutes away. As the map shows, the center is placed in the middle of a concentric circle of one of the most densely populated areas in the world.

Second, the population in the trade area has high purchasing power. Westchester is rated the richest county in the country. Family incomes are in the medium and highest income brackets. Westchester's per capita income, for example, is over \$2,800 yearly. Cities within convenient driving distance are also known for their favorable family income. Yonkers, Mt. Vernon, New Rochelle, Bronxville, Scarsdale, Tuckahoe, White Plains, and Tarrytown represented lucrative retail markets.

*Basic site factor.* The third key factor influencing the decision to develop this site was a site factor; the excellent access facilities leading to the center. The map on page 99 shows the principal routes to the Cross County center. The roads shown are among the most heavily traveled in the world. The site itself is bounded on the north by the Cross County Parkway and on the west by the heavily trafficked Central Avenue. Thus, the site is situated at the junction of a main arterial highway and an important circumferential one. Since the center is keyed to automotive traffic, these roads were key elements in the center's appeal. Within five



TO KIMBALL AVE

TO LONG ISLAND, NEW YORK PARKWAY & NEW ENGLAND THRUWAY

TO BRONX & BROWNVILLE

ALLAR PL  
KIMBALL

FOX AVE

PAULA AVE

CROSS COUNTY RELOCATED PARKWAY

PRIVATE STREET

RED COACH INN

JOHN WANAMAKER  
3 STORY  
200,000 SQ. FT.

320 CARS

332 CARS

XAVIER

TRUCK EXIT RAMP

178 CARS

WALLACH'S

581 CARS

WALGREEN

OPPELHEIM COLLINS

HILSKER BEST  
H. A.S. BECK

CHANDLER SHOES

LENER

RUSSEK'S

FIN. WOOLWORTH

GEORGE'S SPORT  
CAROLEE  
FLORESHEIM SHOE  
HOEN & HARDART

LAYPIN INTERIORS  
TELL HARDWARE  
BLACKTON  
COTTON SHOP  
WALLACE CORNERS  
TOWN & COUNTRY  
LUBIN'S YOUTH

670 CARS

GIMBEL BROS.  
2 STORY & BASEMENT  
200,000 SQ. FT.

FIRST NATIONAL STORES

403 CARS

596 CARS

CENTRAL PARK AVE.

THRUWAY

NORTH BOUND

CENTRAL PARK AVE.

NORTH BOUND

SOUTH BOUND

CENTRAL PARK AVE.

SOUTH BOUND

PROPOSED EXIT FROM CROSS COUNTY PARKWAY TO CENTRAL PARK AVE.

MURRAY AVE

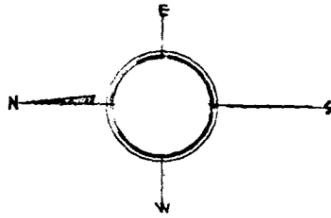
TO RIVERDALE, NEW YORK CITY & HUDSON RIVER TOWNS

SOUTH

BELDEN

TEXACO STATION

WEST DRIVE



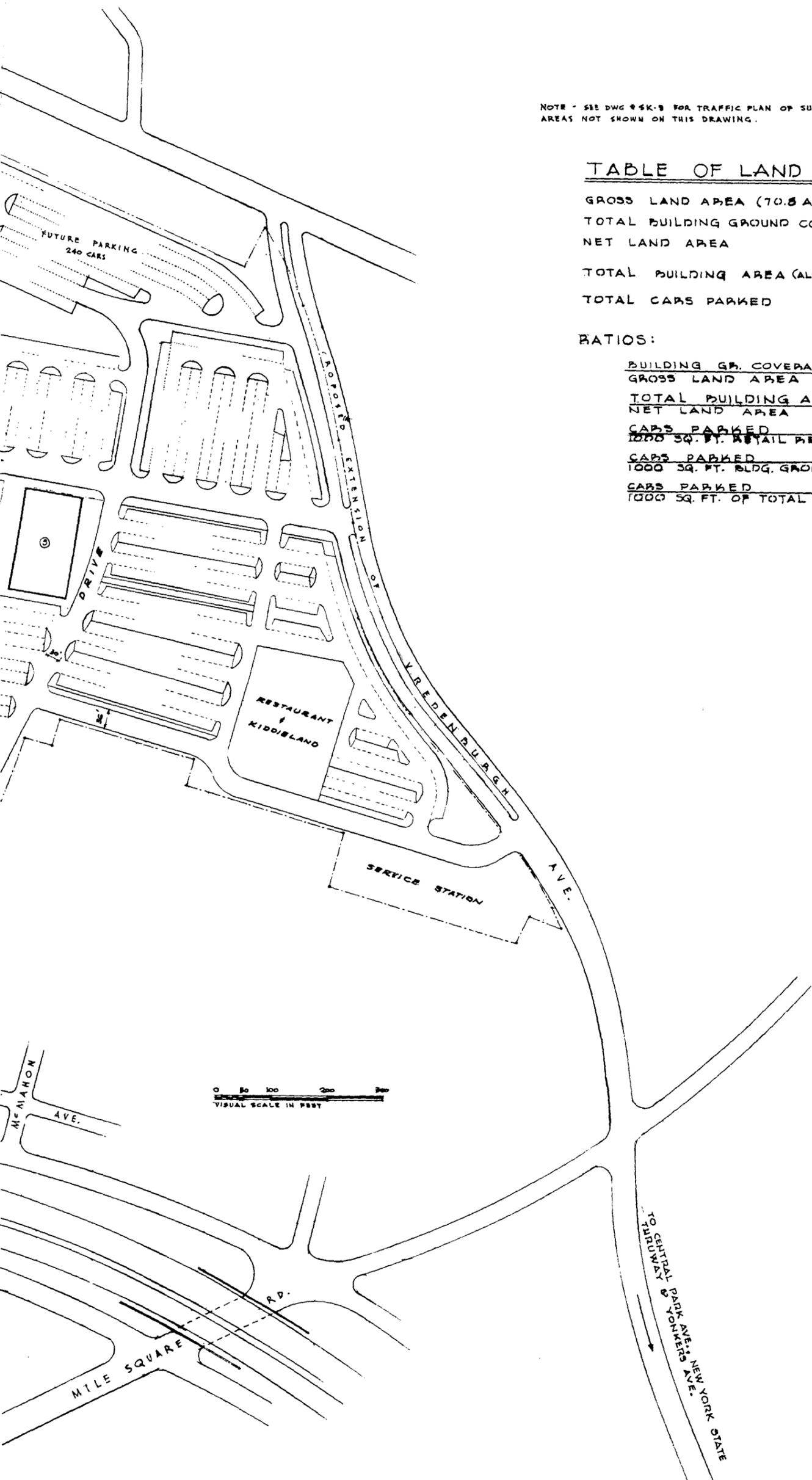
NOTE - SEE DWG #SK-8 FOR TRAFFIC PLAN OF SURROUNDING AREAS NOT SHOWN ON THIS DRAWING.

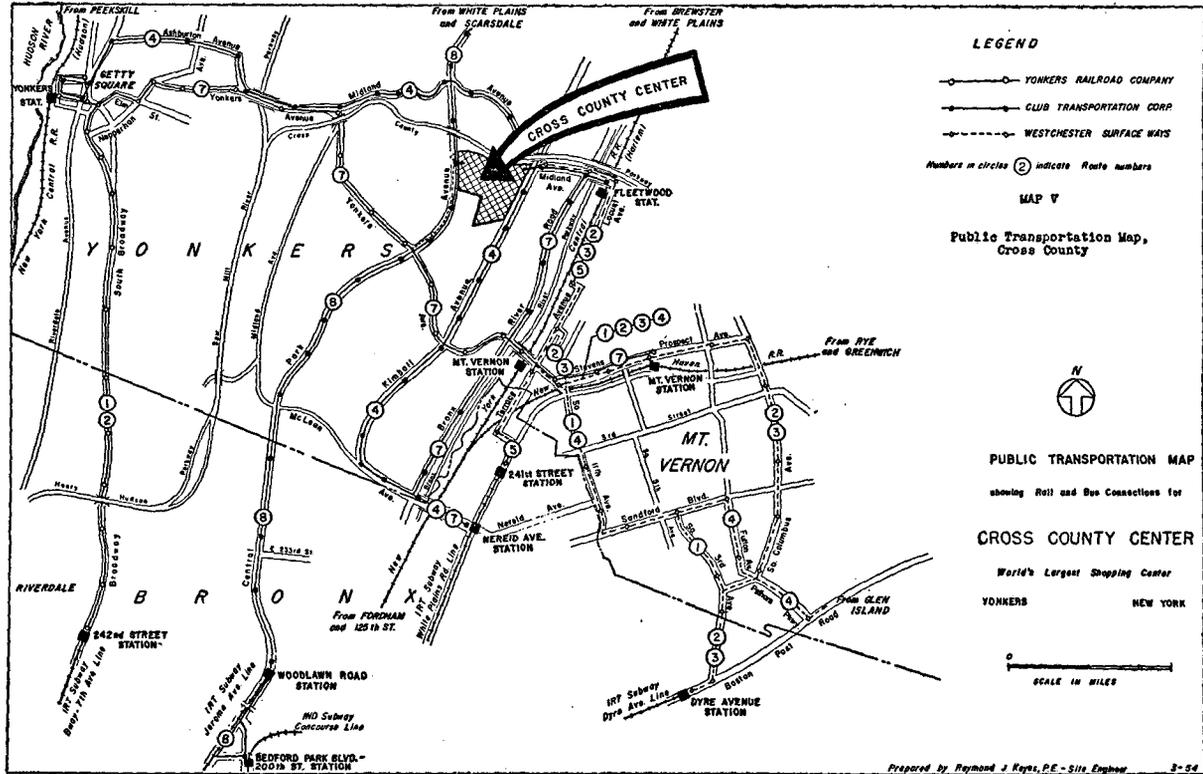
TABLE OF LAND USE DATA

GROSS LAND AREA (70.8 ACRES)	3,084,000 SQ. FT.
TOTAL BUILDING GROUND COVERAGE	448,000 " "
NET LAND AREA	2,636,000 " "
TOTAL BUILDING AREA (ALL FLOORS)	1,125,000 " "
TOTAL CARS PARKED	5,140

RATIOS:

<u>BUILDING GR. COVERAGE</u> <u>GROSS LAND AREA</u>	14.5%
<u>TOTAL BUILDING AREA</u> <u>NET LAND AREA</u>	41.7%
<u>CARS PARKED</u> <u>1000 SQ. FT. RETAIL RENTAL AREA</u>	6.0
<u>CARS PARKED</u> <u>1000 SQ. FT. BLDG. GROUND COVERAGE</u>	11.4
<u>CARS PARKED</u> <u>1000 SQ. FT. OF TOTAL FLOOR AREA</u>	4.7





minutes of the center, other main arteries feed into the network of roads surrounding it. The management of the center believes that no other area in the United States has a superior network of access roads.

These factors were basic ones. The others were "inconsequential." That is, they presented advantages or disadvantages as discussed below, but the basic locational decision was made on the factors of population, purchasing power, and access.

The rich roadway system was improved further, after the site had been acquired, by the New York State Thruway. This road was not considered originally, but it served to strengthen the access picture. Traffic engineers estimate that when the Thruway is completed, 25,000,000 vehicles a year will pass the center.

It was believed that large numbers of executives and professional families lived in the trading area. These groups tend to be among the most receptive to new ideas and it was thought they would accept quite readily the idea of a complete commercial city in the midst of their suburban homes.

The basic population in the area is to a large extent non-industrial. Incomes were believed to be relatively stable. Residents work in various sections of New York, thus minimizing the risks from dislocations in employment in any one district.

The fact that the site is one and one-half miles above the New York City sales tax line was an additional inducement to accept the location. (The New York City line was described as the "Sales Tax Curtain.") On shopping and specialty goods purchases, the tax saving for city residents can often mount to a significant sum. At least, a shopper might convince herself that the savings in tax would pay for the cost of her expedition from New York City to Cross County.

While the center was planned for automotive trade, pedestrian and public carrier traffic was not overlooked. By October, 1954, pedestrian traffic had far exceeded expectations. The developers were aware of the generally satisfactory public transportation network surrounding the center at the time they purchased it. They believed public transportation agencies would improve their services as the center showed evidence of becoming a traffic generator.

Early negotiations were begun for improved bus service on one line and provision for a route from Mt. Vernon. In the future are such projects as establishing special buses which will run on a schedule from more distant areas to the center. Special buses will not start until the department stores open.

The map on page 99 shows rail and bus connections that serve the center. Note that the east end of the center is less than half a mile from Fleetwood Station of the Harlem Division of the New York Central Railroad. This was an important factor with Wanamaker's in 1947. They felt that in the event of a depression, with automotive traffic curtailed, their store's proximity to the railroad station would be an important advantage.

Other sites were considered but the Cross County site offered the nearest piece of land on the parkway system near New York City, zoned or easily rezonable for a regional shopping center.

In view of the population and trade potential in this area it was asked why the site had not been developed earlier as a CRSC. The site remained undeveloped for a long period because of its subterranean condition. Other developers and builders had examined the land but all had misgivings about the site's subsurface condition. Much of the area was a bog between hills. Some points consisted of peat to a depth of 35 feet. At other points, rock outcroppings went to a depth of 10 to 60 feet. These conditions raised many problems of construction that made the ordinary builder apprehensive. For example, it was necessary to build the Wanamaker building about half on rock and half on piles. One reason the promoter bought the land without inspecting the site personally was, he was afraid if he saw it, he might give up the idea. His engineers reported negatively on the site, but he was convinced of the important fact that the economic potential of the area outweighed added construction costs.

Because of these conditions the final cost of construction of Cross County was about \$1,500,000 over what it would have been on a normal site. Approximately 750,000 yards of fill were used and 180 miles of piles. About 50,000 cubic yards of rock were blasted during construction. These materials with time and labor needed to correct difficult conditions accounted for the extra cost.

A favorable result of these terrain conditions was that the John Wanamaker store was set in an unusual position on rising ground on the eastern end of the center. It was hoped that the store would draw traffic from Central Avenue through the remainder of the project. The hill position also made it possible to provide a three level parking area, one level for each selling floor with store entries at each level.

At the time negotiations for the center were begun, the case for the CRSC had not emerged as clearly as in 1954. In 1947, department stores were most skeptical of the whole shopping center concept. Stores had taken advertisements in New York papers reaffirming their belief in little old New York and disclaiming interest in suburban expansion. In Boston, a large department store was about to begin a \$20,000,000 expansion of its downtown establishment. Apparently, many New York department stores unfavorable to shopping centers at that time have changed their policy toward CRSC expansion.

Some thought that the Cross County area was covered amply by competent merchants, and that conditions were generally satisfactory from a quality viewpoint. However, the outstanding shops were primarily speciality shops, not full line department stores. Suburban residents shopping in such stores had to make many stops to satisfy their wants. Comparison shopping, except in a limited sense, was not possible. It was thought that a center featuring two department stores providing depth and assortment of merchandise comparable to the central business district would fill a need and be accepted by residents of the area.

The developers were not depending on the site alone. That was only the first ingredient. But they reasoned that first rank merchants doing business on a prime site under conditions that would take into consideration the changes in the mode of living resulting from the rising use of the automobile, and taking advantage of the latest in design and construction, should appeal to the suburban customer.

*The center's experience.* Evidence available as of October, 1954 indicated the center could fulfill these expectations. At that date

only half of the 5,200 car parking lot was in operation. The main attractions of the center, the two department stores, had not yet opened. The Cross County Parkway was being moved and the construction work on this job was handicapping the flow of traffic. Also, preliminary work on the part of the New York State Thruway which will replace Central Park Avenue along a second part of the center had already started. This further complicated the problem of entering and leaving the area. In spite of these difficulties stores in the center had been far exceeding expectations. Sales figures each month were received from tenants. From these it was estimated that present occupants of the center, without the department store branches, will do a gross volume for the first twelve months of \$45,000,000. When the two branches open, the center is expected to reach its predicted volume of \$80,000,000 yearly. (To be profitable to the developer it must gross about \$50,000,000.) In October, 1954, the stores were averaging about \$100 a year in volume for each square foot of selling space. In 1953, only a quarter of the country's department stores averaged better than \$97 a square foot according to the National Retail Dry Goods Association.

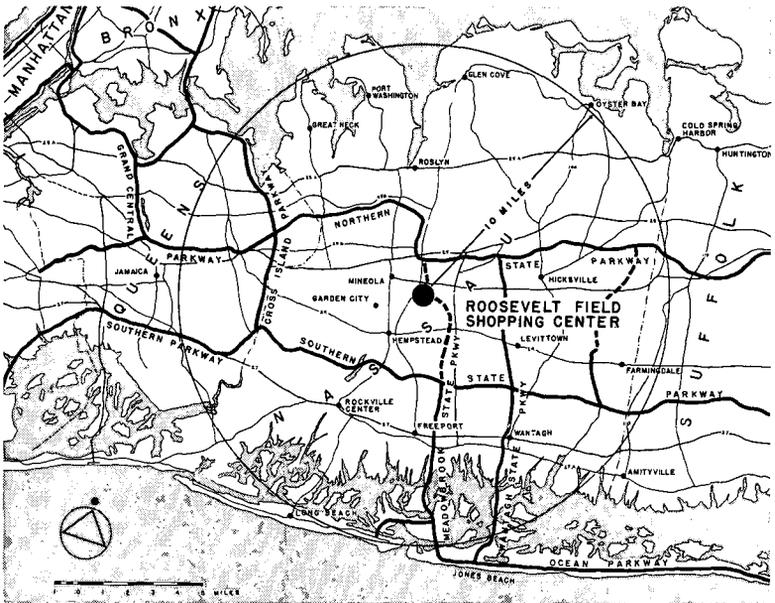
Customers have been coming to the center from the entire metropolitan area. Examination of shoppers' license plates revealed that 45 percent came from Manhattan and the Bronx, 30 percent from local areas, 5 percent from White Plains and 3 percent from Connecticut. The remainder were from other areas including New Jersey, Long Island, and Rockland County.

The main concern of those managing the center seemed to be that business will be so healthy that sufficient parking space will not be available. The expansion factor, according to the site engineer, "is their one headache." Topographically and real estate wise, there is no expansion factor. They may be forced to build ramp garages out of a solid rock hill. The system of parkways and highways surrounding the center provides a complete physical limit to horizontal expansion. On the other hand, it does mean that the center has a buffer against competing merchants.

## CHAPTER XII

# ROOSEVELT FIELD, HEMPSTEAD, NEW YORK

*Center location and specifications.* The Roosevelt Field Shopping Center is being built on a site approximately in the center of Nassau County, in the township of Hempstead, Long Island (map on this page). The center is scheduled to open in 1956, after the completion of the Meadowbrook State Parkway Extension.



The site consists of an area of 122 acres of which 8.6 acres will be covered by buildings in the initial construction. Plans for the initial construction call for a rentable area of 902,954 square feet of store space and parking space for 10,000 cars. The cost of the center is expected to exceed \$35,000,000. The center, together with the Roosevelt Field industrial community, will represent an investment of \$60,000,000.

A 300,000 square foot R. H. Macy and Company department store will be the largest store in the center. Eventually, a second department store will be added. About 100 retail stores in all will be in the center. The center is a project of a New York real



estate development firm. A separate development concern, Roosevelt Field Incorporated, has been formed to construct the project.

The center is on the site of the old Roosevelt Field Airport. It is adjacent to the Roosevelt Field industrial community, a

planned industrial community. As shown by the map on page 104, the site is to be served on the east by Meadowbrook Parkway. It is bounded on the west by some undeveloped property of Roosevelt Field Incorporated and Clinton Road, on the north by Old Country Road and on the south by Stewart Avenue. The site is adjacent to Mineola, Garden City, and Westbury and within driving distance of Hempstead, Hicksville, Levittown and other Nassau County communities. The center is being planned to serve almost 1,000,000 persons. Its developers have estimated that 1,300,000 people live within ten miles of the site. A volume of \$60,000,000 a year is expected within two years of opening.

The planned industrial development of Roosevelt Field Incorporated was first built on the airport grounds. Recently four large plants employing 6,000 workers were in operation there. Plans are to add additional plants on the property to employ 10,000 more workers.

The owners did not consider building a regional shopping center on the property until they heard a parkway was to be built giving improved access to Roosevelt Field. Only then did they decide to build a shopping center on the property. This reversed what is considered to be the usual process of site selection, i.e., deciding to build a center, then searching for a site. Here, the developers had a site and considered alternative uses for it. In fact, the decision was made twice to build a CRSC on the Roosevelt Field site.

### **Two Decisions to Build CRSC**

The first time was when it was learned that the Roslyn-Freeport Highway was to pass through the site as part of the New York Thruway. However, this projected highway encountered vocal and effective home owner opposition and plans for the highway and center were dropped. Later, when the Meadowbrook State Parkway extension was announced, the shopping center plans were reactivated. The importance of this new parkway to the Roosevelt Field Center is apparent. Here, in almost an experimental situation, the parkway was the variable that determined the decision. A study by traffic consultants later indicated that 30

percent of the traffic to the center will come over the Meadowbrook Parkway.

When the Roslyn-Freeport Highway was announced, it was decided to build a CRSC on the basis of four key factors. The first factor was a regional consideration, the others, site considerations. The factors are listed below. These are discussed later in the chapter.

1. Nassau County was a prosperous and growing market.
2. The developers owned a centrally located site in this market.
3. The site was large enough to build a regional center which could include retail facilities of a type not adequately represented in the area.
4. The access system had adequate traffic capacity to serve the site with the addition of the new highway.

Nassau County was becoming surfeited with convenience goods centers. But it was believed that a regional center featuring a large department store would successfully serve an important need of the county. From the conception of the idea the importance of securing an important department store as a magnet for the center was stressed. Aside from the location factor, the developers considered the key element in the center to be proper department store representation.

After considerable negotiation, Macy's agreed to enter the venture as the principal tenant. This was the result of the basic policy revision concerning suburban stores by Macy's of New York. (Chapter XIII). Macy's had been operating only four small branch stores in the metropolitan New York area (Jamaica, Parkchester, Flatbush, and White Plains). All of these units had proved inadequate to meet the demands of the markets they served. Partly because of this experience, Macy's decided to build larger branches out of the business districts of suburban cities, but within a 100 mile radius of New York City. Under this policy, after World War II, they became interested in Long Island as a possible regional choice for a branch store. They had examined intown sites in Hempstead and Hicksville.

With their resources, Macy's could have developed a center on Long Island as they are doing in Bergen County. But they were

offered an arrangement by which they would receive land for a store in the center free, upon which they would erect their own building. (All other stores in the center are to be leased on a minimum guarantee and percentage basis.) Macy's received other concessions including a veto privilege over prospective tenants.

Macy's located in Roosevelt Field because they believed it was the best shopping center site on Long Island. They were most influenced by the large population in the region having free flowing access to the site.

The developers had considerable experience with tenant selection and recruitment as their success in obtaining Macy's as a tenant might suggest. They did not have previous experience with a CRSC development. But the organization had a fund of knowledge upon which to draw in appraising the location as a CRSC site. They had information concerning Long Island and New York real estate trends. Some of their properties have been leased to chain store organizations for years. Through these contacts they knew that some chains were interested in suburban and particularly shopping center locations for new outlets on Long Island. Their chain store contacts indicated general approval of the Roosevelt Field site and the region potentially served by it.

Real estate developers generally have an opportunity to consider important pieces of property that brokers bring to the market. These proposed properties provided a convenient comparison by which to evaluate Roosevelt Field as a shopping center site. Original plans for a shopping center were prepared, then shelved when the Roslyn-Freeport highway construction plans were dropped.

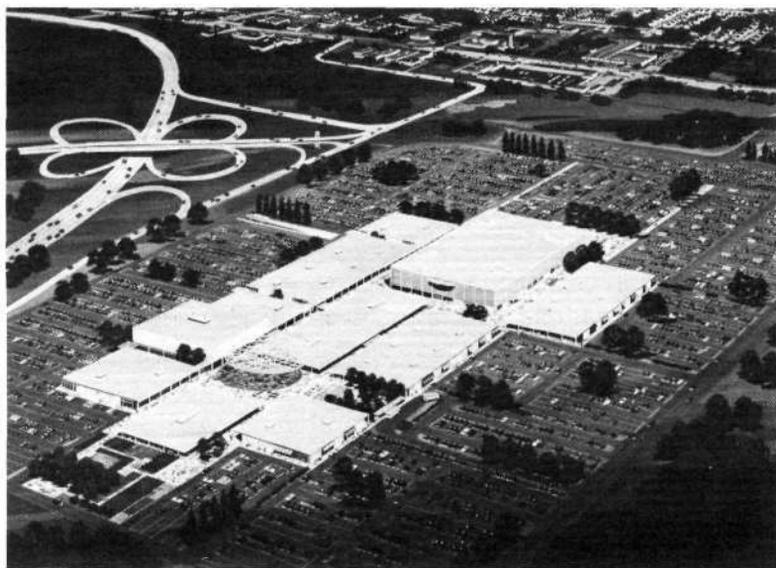
### **Reasons for Resuming Plan**

Later, the announcement of the Meadowbrook Parkway, population growth and other developments in Nassau County confirmed the original high appraisal of the market potential of the area.

An additional factor was the success of the 226,000 square foot Abraham and Straus branch store in Hempstead. The branch opened in February, 1952. Expectations were that it would do

about \$12,000,000 at its peak. After the branch opened Macy's estimated that it was running at the rate of \$25,000,000 yearly. This volume was attained in spite of its relatively poor accessibility. Its success indicated a thirsting for additional retail facilities in the area. Macy's considers the Abraham and Straus branch highly vulnerable to competition. The success of this branch proved to those concerned that Nassau County was a CRSC "gold mine."

*Regional factors.* After World War II, Nassau County experienced a spectacular expansion that continues. In the period 1940 to 1950, the county's population increased from 400,000 to 700,000. In the course of this rapid expansion the county blossomed with entire new communities and older communities were inundated under a flood of new residents.



ROOSEVELT FIELD SHOPPING CENTER

Levittown, about five miles from the center's site, is a prime example of the county's population growth. After World War II, what is today Levittown was still a huge tract of potato farmland

near Hicksville; today, it is an important Long Island community. Its population is estimated at 92,000 of which 60,000 are children. Other communities, particularly those nearer to New York doubled in population during the census period. There were other less spectacular evidences of the rapid eastward expansion of population and home building in Nassau County readily apparent to interested observers. By 1950 it was generally well known that the county was a prosperous and rapidly growing market and that existing shopping goods centers were not adequate to meet the demand of county residents.

A large number of neighborhood and some community centers were built to serve the needs. Established merchants enlarged their stores and new retailers appeared. Though it was known in New York retailing circles that the area was a dynamic one, New York department stores were slow to expand their branch store operations in the county. It seems obvious today that the total retail sales of the area did not measure up to the known expenditures of residents of the county. This could only have meant that sales were going outside the county. New York retailers must have been aware of the rapid success of Abraham and Straus. It appears as a case of missing the importance of the obvious and relegating it to the trivial.

In addition to population, income was an important regional consideration. The region to be served by the center is basically a middle income one. However, two distinct markets were apparent to the developers. There was what was termed the middle income market of \$5,000 to \$12,000 a year. Along the North Shore and at scattered points within a ten mile radius were families in the \$12,000 to \$20,000 range. This is a fairly wide range in the market. The developers believed that stores can be selected to serve both middle and higher income families in the immediate area. The fact that their 10,000 car parking space may be filled by cars of people in these income ranges was important in encouraging the developers to plan a regional center at this site.

*Youthful residents.* The youthfulness of residents of the region was another consideration favoring expansion of retail facilities

in the area. The area is basically composed of one-family homes occupied by middle income families typical of the new suburbia. These families have been described as automobile-owning ones, conscious and proud of their homes, and in the period of family life when expenditures for many shopping center lines of merchandise are higher proportionally to income than later in life. Buying habits of these families have not crystallized. It was believed it would be easier for shopping center merchants to succeed with this group than with an older population settled in its buying habits.

The center plans to make special appeals to the youthful population. As a service feature it will have a supervised play area where parents may leave their children while shopping. Community activities designed to appeal to both young and old will be sponsored to foster community spirit and serve as a community focus. Many residents are new to the area and have not yet identified themselves with the communities in which they reside. One reason may be that the area lacks a central amusement place. Residents have to travel to New York for some types of entertainment. While there they shop. Developers believe that if residents find Long Island an agreeable place they will be influenced to remain and shop nearby.

The developers plan to do their part to foster community spirit by providing the physical environment conducive to its growth. One aid will be a community space which will be used for exhibition, promotions, and entertainment. In this space or plaza, activities of a relaxed nature will take place. A flower market will be one type of activity. The area will be available to community groups for meetings. Such occasions as high school band concerts, art exhibitions, and concerts to be paid for by the center, and community group meetings were mentioned as likely activities to be held in the plaza. The developers are also considering the possibilities of a combination skating rink and outdoor dance arena.

The objectives of the covered plaza and related activities will be to provide a spirit of gaiety, of informal elegance, in which the young population patronizing the center will be able to shop with pleasure.

Through these efforts they hope to overcome what might be called a locational disadvantage. That is, the Roosevelt Field site has no particular significance as a retailing or community center on Long Island. But through promotional measures community significance may be realized.

*Site Factors.* In this case the developers originally owned a tract of land in the midst of the expanding Nassau County population area. The ownership factor was made operative by the improved accessibility of the site to automotive traffic that will result from the opening of the Meadowbrook Parkway Extension. "Without the Meadowbrook Parkway, there would be no Roosevelt Field Center." The map on page 104 illustrates the key relationship of this new parkway to the center. This four-lane parkway is designed to expedite north-south traffic between Northern and Southern State Parkways. It will pass directly through the old Roosevelt Field, flanking the shopping center on the east.

The total property of Roosevelt Field Incorporated covers an area of 360 acres. Much of this acreage incidentally provides a natural buffer area. The part of the tract housing the industrial community also supplies a convenient and growing group of potential customers.

When Roosevelt Field Airport was declared obsolete, this accounted for the availability of the large body of strategically located land that became Roosevelt Field Incorporated. The golf course that adjoined the former airport was acquired later. In such a built-up area as Nassau County is becoming, the few remaining airports and golf courses provide some of the most desirable sites of land still existing in the county. Many other large tracts do not have the access facilities required for a CRSC.

The developers are attempting to have the Garden City zoning ordinances changed to allow construction of an office building of 80,000 square feet and a medical center to the west of the center. Aside from their interest in the office development for its own sake, such a development would provide another buffer for the CRSC as well as bring additional people to the site daily. At the north end of the project a sub-center of 100,000 square feet is

planned. This will be a convenience goods center featuring supermarkets, drug stores, and service shops.

When construction plans for Roosevelt Field were drawn no other regional centers were planned for Long Island. Two large centers have since been announced. These are Mid Island Shopping Plaza at Hicksville and Valley Stream Center. In addition, numerous neighborhood and strip centers are developing near the site. However, the developers are not concerned with the possibility of a shopping center saturation point being reached in the area. They believe Roosevelt Field will dominate the trade area through its outstanding regional location in terms of quality and quantity of population having easy access to the site.

## CHAPTER XIII

# GARDEN STATE PLAZA, PARAMUS NEW JERSEY

In Paramus, New Jersey, across the Hudson River from New York City, R. H. Macy and Company, Inc. and Allied Stores are building large CRSC less than one mile apart. The proximity of these two centers at Paramus will provide one of the strongest tests yet of the regional center concept when they open in 1956. As yet, CRSC have not faced the rigors of an extreme competitive situation such as is developing in Paramus.

For a time it appeared that Macy's and Allied would combine forces in a single center in Paramus. Such negotiations had been underway for over a year but eventually both groups proceeded individually with separate plans after the unsuccessful negotiations for a joint venture.

The 140 acre Macy site will ultimately provide over 1,500,000 square feet of floor space and parking for 10,000 to 11,500 cars. The 100 acre Allied site will have selling space of 1,200,000 to 1,700,000 square feet and parking provisions for 8,000 to 10,000 cars. Together the two centers will have 200 outlets.

Both were attracted by the substantial population growth and long range growth trend of Paramus and surrounding communities, including Maywood, Hackensack, Teaneck, New Milford, and River Edge. (See the map on page 117.) The large potential patronage from more distant communities, made possible by the highway system leading to the sites, made them particularly attractive to both groups.

*Macy's branch store operations.* While Macy's have been active in branch store development for several years, their shopping center experience is not as extensive. The corporation operates five department store divisions. These divisions and the stores each division operates are indicated in Table XIV.

Only one of these outlets is in a controlled shopping center. This is the Princeton, New Jersey unit operated by the L. Bamberger division. This store opened in September, 1954.

All of the corporation's new branches will be located in controlled centers, which represents a policy change by the parent corporation. The shopping center branches are to be located as shown in Table XV.

The corporation's basic theory of surrounding their large urban central stores with satellite branches has remained unchanged. However, the locus of the branches has shifted from the central business districts of suburban cities to the CRSC. The corporation will continue to spread the management and other services of the central store in each division over the branches. But the newer branches will also attempt to capitalize on the functional planning and other advantages of controlled shopping centers.

Table XIV

R. H. MACY AND CO., INC. DEPARTMENT STORE DIVISIONS

<i>Divisions</i>	<i>Stores Operated</i>
Macy's New York	Herald Square, Parkchester, Jamaica, Flatbush, and White Plains
L. Bamberger and Co.	Newark, Morristown, Millburn, Plainfield, and Princeton, New Jersey
Davison-Paxon Co.	Atlanta, Augusta, Macon, Columbus, Athens, and Sea Island, Georgia; Columbia, South Carolina
LaSalle and Koch Co.	Toledo, Bowling Green, Tiffin, and Sandusky, Ohio
Macy's California	San Francisco, Richmond, and San Rafael
Macy's Kansas City	Kansas City and Joplin, Missouri

In the California centers noted in the above table Macy's will be both tenant and developer. At San Mateo, Macy's will be a tenant only. They will have a 185,000 square foot store at the Hillsdale center there. The center will have 675,000 square feet in all. In San Leandro, south of Oakland, they are developing a

650,000 square foot center. Their own store will have 150,000 square feet in this center, Bayfair, which is being developed by Macy's and the Capital Company. The third California center, Valley-Fair, in San Jose is occupied by Macy's as a tenant and part owner with the Capital Company. The Macy store will have about 150,000 square feet out of the 475,000 square feet of store space.

Table XV

R. H. MACY AND CO., INC., PROPOSED SHOPPING CENTER BRANCHES

<i>Divisions</i>	<i>Stores Planned</i>
Macy's New York	Paramus, New Jersey Roosevelt Field, New York
Macy's California	San Mateo, San Leandro, San Jose, California
Macy's Kansas City	Mission, Kansas

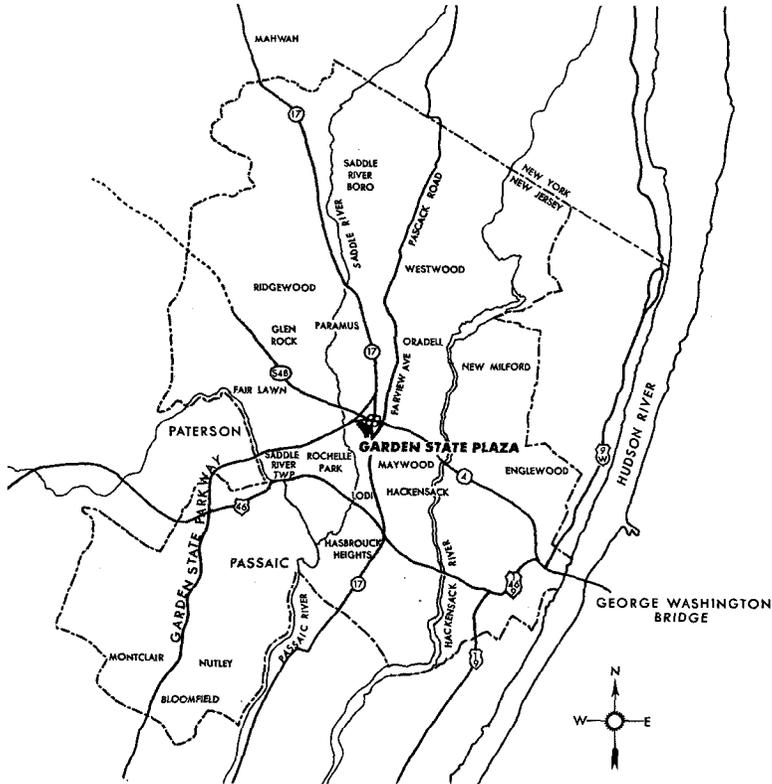
Mission, Kansas is a suburb of Kansas City, Missouri. There, Macy's will be a tenant with a 55,000 square foot store in a new shopping center being developed in an established business district.

When the program outlined is complete, the various divisions of R. H. Macy and Company, Inc. will have thirty-two branch stores. Significantly, the last seven branches planned were for shopping center locations and not for uncontrolled central business district locations. This activity has resulted from Macy's relatively new conviction that the most attractive growth opportunities for department stores at this time are to be found in controlled shopping centers and to a lesser extent in rapidly growing suburban communities.

In this study, only the decision-making process for Garden State Plaza is discussed. This development represents to date the largest investment by the company for any branch or suburban project.

*Center location and specifications.* The Garden State Plaza Regional Shopping Center is a project of the Garden State Plaza Corporation. This is a wholly owned R. H. Macy and Company

subsidiary formed for the purpose of developing the Paramus shopping center. The site is located near the center of Bergen County, New Jersey, at the junction of two major arterial highways, Routes 4 and 17. When the Garden State Parkway is completed the center will also be easily accessible from this parkway. It will be reached via Fairview Avenue, Franklin Turnpike, Kinderkamack Road, Passaic Street, and Saddle River Road.



**GARDEN STATE PLAZA ACCESS SYSTEM**

The developing corporation owns a land tract of 140 acres. This size tract will allow construction of a shopping center with a potential of 1,500,000 square feet of rentable space and parking space for 11,500 cars, depending on the use of the acreage.

The center will be built in four stages. Each stage will involve one cluster of retail outlets, all except the last centered around a major store unit. The first group of stores is scheduled to be opened in 1956. It will have a 320,000 square foot Macy branch as a nucleus of a store group of 750,000 square feet. The Macy branch will have three floors of 100,000 square feet each and a 20,000 square foot outdoor shop which will specialize in products for home recreation and outdoor living.

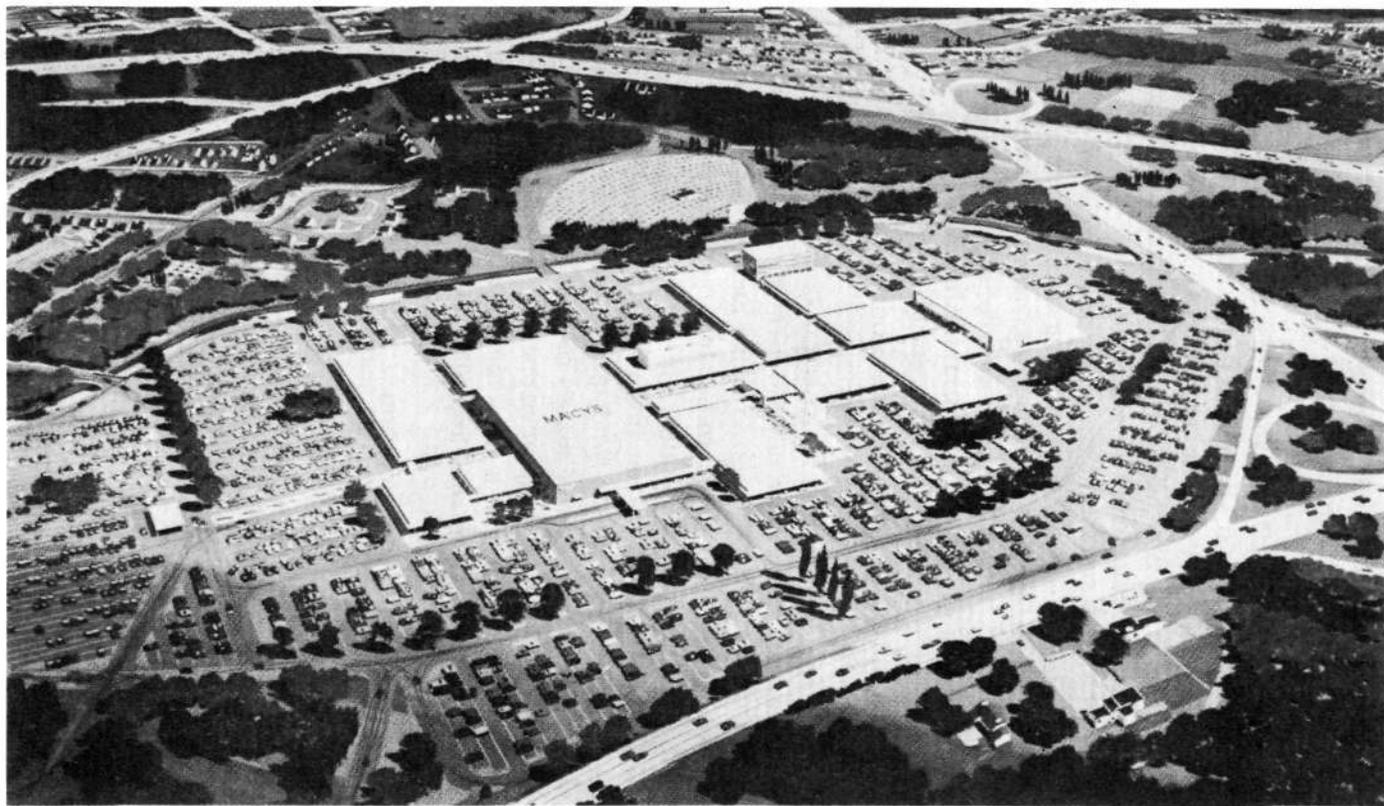
The second stage will center around a 75,000 square foot junior department store and include another 350,000 square feet in all. The third stage encompasses a second major department store branch of 200,000 square feet, and the fourth stage, adding another 125,000 square feet, will complete the center with an office building and additional stores. The center will employ about 1,400. Total investment will exceed \$35,000,000.

*Locational process.* The location of this center in New Jersey indicates it was the Bamberger Division of the Macy Corporation that first investigated the site. L. Bamberger and Company had been surveying New Jersey since the end of World War II seeking possible branch store locations. The basic criteria that guided the search for suitable sites for both shopping centers and urban locations were the factors of population growth, purchasing power, and access. Specifically, Bamberger's wanted a:

1. Location in a growing population area.
2. Suitable area income level. (Bamberger's had a strong preference for a site centered in a middle income area, since the central store served this group.)
3. Favorable location in relation to market and site accessibility.

Sites throughout New Jersey were found that seemed to meet these specifications. Such sites fell into three classifications.

1. Sites in suburban city established business districts.
2. Free standing sites outside central business districts suitable for one department store branch, but not large enough for a shopping center.
3. Potential shopping center sites.



GARDEN STATE PLAZA

As a result of this search Bamberger established branches in suburban cities in New Jersey. Their stores in downtown Morristown and Plainfield are examples. The Plainfield store was opened in May, 1954. It was found that the only city in Bergen County where it was at all feasible to place a downtown branch was Hackensack. But after investigation of such factors as land costs and generally unsatisfactory traffic and parking conditions, Hackensack was rejected as a branch store site.

Several sites were found suitable for an isolated suburban branch. But locating on a free standing site took "more courage than the store had." In their view a department store would have to be most confident of its attraction to consumers to isolate it on a free standing site out of the central business district.

The greatest disadvantage of locating on a free standing site was the resulting absence of comparison shopping. In rejecting sites that were attractive in other respects but only large enough for one store, Bamberger's felt that the lack of complementary selling outlets would be detrimental to their branch operation. In this, they were guided by conventional merchandising thinking that women shoppers prefer to be able to compare assortments easily when shopping for branch store lines.

They reasoned that the one stop shopping appeal of the CRSC was basically similar to the fundamental idea of the department store. Much of the unique attraction of the department store comes from its one stop shopping appeal and its location in proximity to other retailers in a convenient central business district location. These are the same appeals of the CRSC, namely, one stop shopping, competitive and complementary outlets, grouped in a convenient suburban location.

Bamberger's next decided that in Bergen County, the best prospects for a branch outlet would be in a CRSC. They were able to find four sites that seemed generally suitable; the present Garden State Plaza site was among the four.

Realtors with interests in New Jersey had been attempting to interest them in shopping center sites for several years. The usual procedure was for a realtor to call on the store with information on promising sites. If the site seemed generally suitable, the

store's research department made a personal examination of the property. This was the early procedure with the Garden State Plaza site. By a process of elimination described below the Garden State Plaza tract was selected and plans were drawn featuring a Bamberger branch.

In 1954 the task of developing the Garden State Plaza site was assigned to Macy's New York store by the parent corporation. The assignment was made after it was realized the site selected by Bamberger's at the junction of Routes 4 and 17 was less than eight miles from the George Washington Bridge and that in many ways the Paramus area was more tributary to New York City than to Newark. Also, the store was assigned to the New York store because an historic relationship of shopping traffic existed between Bergen County and New York City. It was believed, therefore, that there would be greater consumer acceptance for a Macy branch by the residents of the county. Further, it was decided that it would be possible to secure a greater coverage of the Garden State Plaza market with New York newspapers.

Macy's reasoned that the highway system built and being built in the area surrounding the Paramus site and the pattern of commuter bus and train service from the area, indicated that the region was tributary to New York City.

The trading area map of the Garden State Plaza site, page 123, shows the Hudson River and New York to the east. It outlines the highway system leading to the center.

The R. H. Macy Board of Directors bought the site and assigned it to Macy's New York store. To guide them they had available Bamberger-Macy reports on the site and the report of an economic consultant. The Executive Committee of the Board had also been kept informed of the status of the site search through periodic progress reports.

Based on their research, the Bamberger-Macy team had concluded that the Garden State Plaza site was the best available in Bergen County. An economic consultant later made a detailed study of the area supporting this conclusion. This study was based largely on the census materials on population and income, supplemented by estimates of future market potential.

*Regional factors.* The Bergen County region attracted the corporation for several reasons. The trade area of which Bergen County is the center has a population exceeding 900,000. Average annual income per family is well above the national average (\$5,600 versus \$4,570—22.5 percent higher). According to Census of Business figures, only about \$20,000,000 yearly was being spent in department stores in the area. National figures would place department store spending in this area at about \$90,000,000. This indicated nearly \$70,000,000 unrealized market potential in the trading area. Projecting the figures to 1960, it was estimated that a population of about 975,000 in the trade area would be spending approximately \$100,000,000 yearly in department stores. Yet, the preliminary site search revealed that department store and other retail facilities in the area were “woefully inadequate.” The Macy Corporation believed it had found a very progressive trade area which had outgrown the retail facilities conveniently available to it.

Another highly favorable regional factor was the growth trend of the area. Due to population growth alone, the retail potential of the area had been increasing at a rate of \$25,000,000 a year. This was expected to continue. With the construction of two regional centers in the area the developers were counting on further long range growth to support their investment. The \$90 million estimated trading area potential for 1955 could be increased by \$25,000,000 annually for several years on the basis of population growth. By 1959, another \$100,000,000 could be added to the area’s potential.

The trading area had experienced a 41 percent population growth since 1940. By 1960, population would be approaching 1,000,000. As the developers pointed out, this would be a population greater than that of Seattle, Washington, of Portland, Oregon, of Denver, Colorado, or both Indianapolis, Indiana and Spokane, Washington combined.

This potential, weighed against the fact that retail facilities were inadequate to serve such a population, attracted the developers to the region. In addition, there was a qualitative factor. The people of the area were believed to be “homelovers.” It was



GARDEN STATE PLAZA TRADING AREA

thought they would much prefer to shop nearer home if suitable facilities were provided. Many of them are transplanted New Yorkers to whom the Macy name would prove familiar. Others, as indicated, had their trading orientation to New York City.

*Site factors.* With the region selected, the problem became one of finding the most suitable site. Bamberger's decided four sites were generally satisfactory. But three of the four lay on both sides of a major arterial highway, not at the junction of two or more. The last factor against the three rejected sites was that they were not in the fastest growing part of Bergen County.

The Garden State site, on the other hand, did not have these disadvantages. It was an undivided site, at an important junction and in the heart of a growing and prosperous suburban area. The site selected was more expensive than others that had been considered. It also had some additional construction complications. The site was covered with virgin timber. This had to be cut, cleared away, and part of the site filled to prepare the land for construction. It was believed the site was outstanding enough to warrant the additional costs.

Because of the populous nature of the area, ample bus transportation served the site. This was an attractive supplement to the automotive traffic expected from the eight major routes that converged on the area. Within this highway network, the center could draw from residents in the nearby residential and industrial areas of Bergen, Passaic, and Northern Essex Counties.

Closely related to the site selection problem was the question of to what extent the site should be developed. The developers had in mind a "large" center, but how large? A main objective of the economic analysis was to answer this question. The analysis indicated that in 1955 total retail expenditures by residents of the center's trading area would approach one billion dollars. From this potential, Garden State Plaza was planned to draw sales of \$87,500,000 at full development. However, the center will be built in stages. This will allow some experience to be acquired before the entire center is completed.

## CHAPTER XIV

# BERGEN MALL, PARAMUS NEW JERSEY

*Center location and specifications.* The Bergen Mall Shopping Center is located on a 100 acre site about six miles west of the George Washington Bridge in Bergen County, New Jersey. It is situated at the intersection of Route 4 with Spring Valley Road and Forest Avenue on the borders of Paramus and Maywood. The tract covers 4,400,000 square feet, with a frontage of 2,868 feet on Route 4.

Bergen Mall is being built by the Allied Stores Corporation.<sup>1</sup> Allied expects to spend more than \$30,000,000 before the center is completed. A yearly volume exceeding \$104,000,000 is anticipated when the center is in full operation.

The first section will be opened in the fall of 1956. Eventually more than 100 stores will be operating in 1,500,000 square feet of store space. The major tenant will be Stern Brothers of New York in a \$5,000,000 branch store. This store will have 300,000 square feet of space with provision for expansion to 500,000 square feet. A 70,000 square foot J. J. Newberry variety store will also be in the center. In addition, specialty shops in all price ranges, several restaurants, banks, a medical and dental building, a 500 seat auditorium, two supermarkets, and other stores will be included.

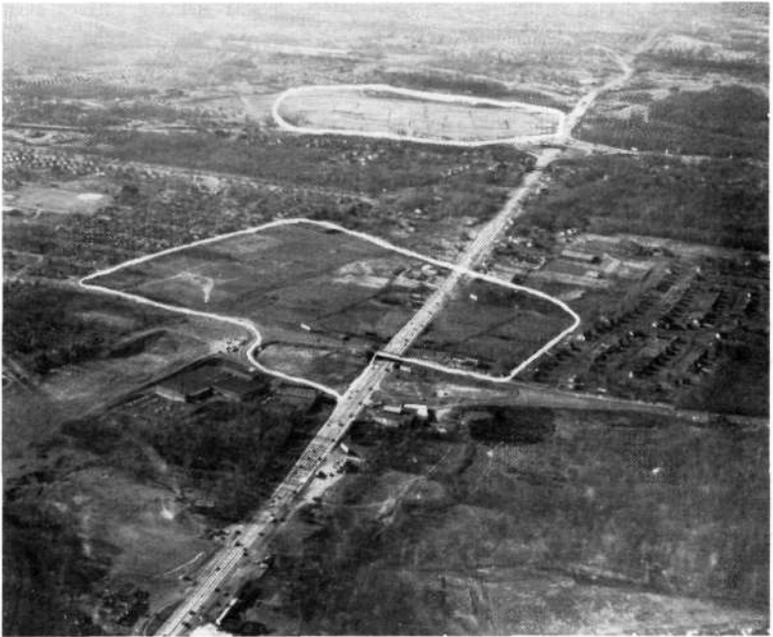
Parking space for 8,600 automobiles will be provided. All parking spaces will be within 150 yards of a large store group. There will be 47 different entrances and exits to the center.

Two supermarkets in Bergen Mall will be built with 50,000 square feet of store space each. They will be larger than any department store currently located in the area. The increase in

<sup>1</sup> Allied is the largest operator of department stores in the country, owning and managing 75 department stores. Allied opened Northgate, the first CRSC in the United States, in 1950 in Seattle. Including Bergen Mall, Allied has plans to open seven more CRSC around the country.

supermarket facilities in the region is one measure of the growth in retail outlets the two regional centers will bring to Bergen County.

Only about seven-tenths of a mile separates the two centers. The aerial photograph on this page illustrates their proximity. The Garden State Plaza is at the top of the photograph. At the top right, barely visible, is Route 17. To the east of Garden State Plaza, in the middle of the photograph, is the Bergen Mall tract. Route 4 runs by both centers. In the entire United States only

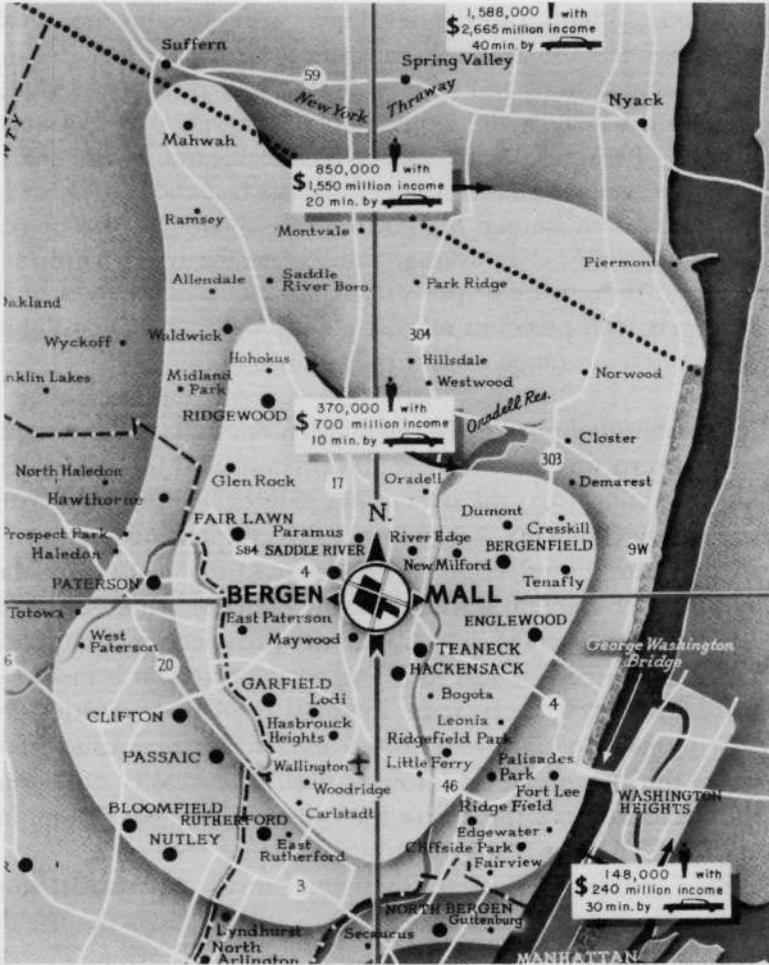


Aerial photograph of Bergen Mall and Garden State Plaza. The Macy site in the background is actually larger than the Allied site but appears smaller in perspective. The photograph is from the *Bergen Evening Record*.

about ten shopping centers in operation or planned are comparable in size to these two. Yet these two are located practically side by side.

The Garden State Plaza site is one piece of property undivided by Route 4. The Bergen Mall tract is cut by Route 4 into two

sections of approximately ninety and ten acres. The road across the lower boundary of Bergen Mall is Maywood Avenue, May-



Bergen Mall location and trade area indicates population and income within ten, twenty, and forty minute driving time zones.

wood and Forest Avenue, Paramus. One result of the site split is that nine-tenths of the ground on which the center will be built lies in Paramus, the other tenth in Maywood. Paramus is zoned

for industry and Maywood is zoned for residence. Bergen Mall's developers naturally desire this tenth of the site rezoned for business use. The rezoning effort has encountered opposition from Maywood residents, but the developers are confident the section will be rezoned and are proceeding accordingly.

Both Bergen Mall and Garden State Plaza are being designed to serve substantially the same regional market. Bergen County including Paramus, Hackensack, Teaneck, and other nearby towns represents the basic market. The key fact about the broader market served by Bergen Mall is that an estimated 1,588,000 residents with higher than average family income live within forty minutes driving time of the site. A more conservative estimate for Bergen Mall places its market potential at 900,000 customers within a driving range of twenty-five minutes.

*The locational process.* In the Garden State Plaza case the primary concern was the site selection process used for that particular site, rather than the overall site selection procedure of the R. H. Macy Company. Likewise, in this chapter, our concern is only with the site selection procedure used in the Bergen Mall site. Yet since Bergen Mall is just one effort of Allied Stores in meeting the problem of shopping center site selection, some background on Allied's overall thinking on the problem is included.

Allied believes the increase in small local communities first favored small independent stores and chains operating small units at the expense of downtown stores. The smaller units were better able to serve the desire for convenience goods shopping near home on the part of the suburbanite.

Allied contends the establishment of small department store branches to serve the needs of suburban residents is not the department store's answer to population decentralization. The department store is an instrument of mass distribution and must have mass markets. Allied observed that the masses did not exist around the locations where many department store operators established suburban branches. As a result when department stores did establish their early branches to compete with independents and chains, the branches were too small to reflect the

true character of the parent store. Therefore, their appeal was limited.

After World War II, Allied saw an opportunity for a recentralization of existing and expanding suburban shopping facilities. Recentralization is possible where a number of small communities, grown in population as a result of the decentralization movement, taken together present an opportunity for a new concentration of retailing facilities. Allied believes that a number of suburban communities taken together can support a retail unit large enough to be truly representative of a typical downtown department store.

Some other department store operators approached the concept about the same time. Many department stores did open major branches in areas containing numerous small suburban communities after World War II. Apparently, all such major department store branches have been successful. Typically, the branches have outgrown their store and parking facilities.

*Allied's basic policy on suburban location.* Allied seems to have been the first large department store operator to recognize that major department store branches established alone are only partial measures toward a true recentralization of retail facilities. About 1947 their management group came to the conclusion recentralization could be best achieved through the establishment of controlled centers. These centers would recentralize not only the department stores in the suburbs, but also the many other types of outlets which could be integrated into a fully coordinated regional center designed to serve a number of suburban communities.

Under this basic location policy they concentrated their search for suburban locations on potential regional shopping center sites. At the same time they continued expanding and improving many of their downtown locations throughout the country. For example, Allied recently signed a new lease with Quackenbush, its store in Paterson, near Bergen Mall. It intends to spend \$2,000,000 remodeling the Paterson store. In all, Allied has spent \$47,000,000 in improving their central business district properties

in the last five years and is currently spending about \$20,000,000 more. This compares with the \$292,720,000 cost of the ten centers Allied will have in operation by 1958.

Allied has been receptive to learning of possible shopping center sites since the end of the war. This attitude is widely known among large real estate dealers so that Allied Stores generally receives notice of available potential shopping center sites in the territories in which they operate department stores.

Allied was guided in the Bergen Mall site selection decision by the recommendations of their real estate department. The real estate department in turn relied on the research department and information supplied by various realtors.

*Regional locational policy.* The executive group in the Allied home office does not consider that more than twenty-five metropolitan areas in the country can support large regional centers of the type Allied is interested in. Allied considers that some markets, such as New York, can support several regional centers, but that no more than about fifty regional centers can be operated in the country. The favored regions are roughly the twenty-five largest metropolitan areas. However, their listing does not follow population figures alone. Factors such as area income, population trends, growth possibilities of the region, and the existing retail structure and facilities of the area are considered. They also favor metropolitan areas which have natural obstacles such as rivers between the central city and suburban areas. On these factors plus judgment of executives in their organization, they believe the twenty-five areas are the maximally profitable CRSC regional choices. They are particularly interested in the metropolitan areas in which they are already represented by an Allied department store.<sup>2</sup>

The Allied real estate department prepared a table showing for leading counties in the country the percentage of general merchandise sales to total retail sales. This analysis revealed that

<sup>2</sup> Each of the seven new Allied centers will feature an Allied branch. The centers are in Paramus, Peabody, Mass., Cincinnati, Minneapolis, Levittown, Penn., Houston, and Hicksville, Long Island.

Bergen County was among the lowest in participation in general merchandise sales. (Westchester County served by Cross County was lowest of all.) This evidence confirmed their thinking that much of Bergen County's business was leaving the area because of a lack of shopping goods retail facilities. Bergen County residents were shopping in Manhattan or down state in the Newark area with the result the county was low in retail sales compared to income and population. They believed that residents are eager for shopping facilities where they live. The people are suburbanites, living and dressing casually, with an unfulfilled desire to buy more of the things they want conveniently and quickly. Bergen Mall became Allied's answer.

A shopping center consultant had been called in at the time of acquisition of the Bergen Mall property to survey the area and site. His findings paralleled those of Allied as to the income, population, and growth possibilities of the area. He is currently in the process of making a more comprehensive study of the Bergen Mall market. However, studies such as this are not particularly pertinent to this investigation as they were commissioned after the site selection decision was made. Traffic studies of the site were made by a traffic engineer.<sup>3</sup>

Prior to the final decision and before consultants were called in, recourse was had to other studies of the area which were not made expressly for the Bergen Mall center. There was a substantial fund of information about the area's population and market potential in the files. Allied's store in Paterson, Quackenbush, had been in the area for many years and was only seven and one-half miles from the site. Its executives confirmed the thinking of the Allied central organization in its high evaluation of the area as a regional choice for a CRSC location.

*Regional factors.* To avoid duplication of material presented in the Garden State Plaza Chapter, general regional information treated in that chapter will not be repeated. Similar regional con-

<sup>3</sup> Some of his conclusions may be of interest. His studies indicated that most of the customers entering Bergen Mall will do so through a network of intermediate roadways in almost all cases to eliminate the hazards of entering the site directly from high speed express routes. Some customers will enter the center through the surrounding towns but the bulk of traffic will not come through residential areas.

siderations dominated both decisions as evidenced by the original plans of the two developing store groups to combine on one site in the region.

It was known to Allied that the New York metropolitan area was being shaped by the same forces of decentralization and recentralization operating elsewhere. It was obvious to them that Nassau County, Westchester, and Northern New Jersey, as bedrooms of New York City, had increased in population and it was plainly indicated they would continue to do so for many years. This growth factor was well known in retail circles; also that in the immediate post war years a comparable growth in retail facilities had not taken place.

Allied had purchased Stern Brothers in New York and found that this store had considerable acceptance in the northern New Jersey area. They decided to capitalize on this acceptance by locating a Stern Brothers branch in a northern New Jersey CRSC. Like Macy's, they found that the Paramus area was more tributary to New York than to New Jersey cities. Their original interest in the area was heightened by the immediate success of the Grand Union's large retail center in East Paterson. As a result efforts were increased to find a favorable site in the region for a large additional grouping of stores.

*Site factors.* In the interviews Allied was asked why they had not combined with Macy's on a single center. Their reasoning is of interest as it illustrates Allied's changing thinking on site selection for regional centers.

The real estate manager of Allied observed that Garden State Plaza land was found to have a sandy bottom though this did not warrant condemnation of the site. This site was the basis of discussion for the joint venture. Macy's did not consider the condition of the land a serious detriment and proceeded on their own after Allied decided on the development of their own center at Paramus, east of the Macy site.

There were indications that Allied's views on shopping center location had been modified until they believed the advantages of the Garden State Plaza site were not as outstanding as originally

considered. Reference was made to their experience in operating Northgate in Seattle.

In the days following World War II the basic idea in locating a CRSC was to place it on a busy main highway. That is, a site sufficiently large to readily accommodate stores and cars was considered a prime site if located on a main highway leading to and from the central city and in a suburban area of rapid growth. At this point in the development of shopping center location theory, builders were often concerned more with its appearance from the highway than with its functional efficiency.

As these centers succeeded, in some cases beyond the optimistic expectations of the promoters, it was found the one highway serving them was frequently congested, particularly at peak shopping periods.

They then decided that the ideal CRSC should be served by more than one road. It was thought that a site located at the junction of two main highways would be most satisfactory. With two roads feeding the center, however, it was found the entrance and exit facilities were usually inadequate. The two-highway center was particularly inadequate at closing time, when as many as 7,000 automobiles entered high speed highways. It was believed that some centers built at the intersection of two main highways were losing business because many shoppers were not willing to wait fifteen minutes to a half hour to leave the parking lot at closing time. Either they were cutting short their shopping hours to be sure of an early exit or decreasing the number of their visits.

Allied then studied various public enterprises accustomed to handling large quantities of automotive traffic in short periods of time—baseball parks, football stadiums, and race tracks. It was not unusual for these patrons to be delayed twenty or twenty-five minutes to get their cars into the flow of traffic. Sportsmen took this wait more or less philosophically, but Allied believed shopping center patrons would not be as passive in their acceptance of such conditions.

Thus, by 1952 Allied had found that one road serving a center was not sufficient and that locations at the intersection of two high

speed arteries were dangerous and unsatisfactory at peak periods. They concluded that a shopping center site required four existing roads around the site. These four roads should ideally be major improved roads not already taxed to capacity.

Allied then was seeking a site large enough to accommodate a major CRSC, with good site conditions, served by four main roads, in the midst of an expanding population area, preferably in Bergen County. The site finally selected, Bergen Mall, was the only one available to them meeting these specifications. It had other advantages but those mentioned dominated.

Bergen Mall will be economically successful, in the judgment of Allied, if it serves the needs of residents of the area within a twenty-nine-minute driving time. Experience with their Jordan Marsh store in Shoppers' World has been that 34 percent of this trade came from beyond this driving range. They believe that with its road access system, Bergen Mall will also attract a substantial proportion of its trade from beyond the twenty-nine-minute driving range.

*Compartmentalization.* Allied had been developing a "compartmentalization" concept for the internal location of units which integrated nicely into the Bergen Mall site plan. Their experience at Northgate had been that it was not necessary to have the supermarkets near the ready-to-wear outlets. A survey revealed that shopping center supermarket customers shopped in apparel or other stores only one time in four. Yet in some CRSC the food markets had been given prime positions and located easily accessible to prize parking facilities.

One objective of fully integrated shopping centers is to provide an assortment of stores and services that will satisfy customer needs in a single visit. For that reason food stores must be included in the center, as they are in downtown business districts. But they should be subordinate to the shopping and specialty goods stores.

Allied, therefore, decided to group supermarkets and food specialty stores at one end of the center. They visualize that in

Bergen Mall it will be possible for food customers to enter and leave the center's food section without going to the main mall area. This was thought to be an attractive feature for the food shopper, as food shopping tends to be more routine and informal than shopping for general merchandise. Some customers may wish to be less formal in dress to visit the food section yet might feel uncomfortable in the same attire in other sections of the center.

If the food customer wishes to combine shopping errands, as the developers expect her to do one out of four times, she can walk along attractively landscaped paths to other groups of stores. Or, she may drive over interior roads to convenient parking spaces. Food shops will represent one compartment of the center.

Another compartment will feature a five story, airconditioned medical and dental building with offices for a minimum of forty occupants. Food and professional compartments will have their own entrances and exits to avoid interference with traffic from other areas.

Land across Route 4 was purchased to serve as a buffer area. From the outset, developers viewed it as an integral part of their compartmentalization theory. They and others have noticed a conspicuous lack of representation from what might be called Fifth Avenue stores in CRSC. These stores have preferred to locate branch stores on free standing sites or in downtown districts of prosperous suburban cities. There are a few exceptions but the basic suburban locational pattern of these stores has not included controlled regional centers. Some Fifth Avenue stores may have believed they would lose an element of their exclusiveness. Understandably they are unwilling to compromise any distinctiveness they may now enjoy.

At the time of the interviews in December, 1954 Allied was confident that a quality center would be erected across Route 4, the only question being the specific tenants involved. The land was purchased with this compartmentalization theory very much in mind. A pedestrian bridge will be built over the highway.

Under the compartmentalization approach Fifth Avenue stores

can continue to satisfy their desire for exclusiveness and at the same time achieve certain advantages resulting from their proximity to other retail activities in Bergen Mall.

Allied recognizes that a quality center across Route 4 will not only add to the prestige of Bergen Mall, but that it will serve to attract many upper income shoppers to the area. They believe that needs of upper income families have not been fully served well by most CRSC. This aspect of their compartmentalization plan is an effort to remedy this and contribute to the support and prestige of the main center. Bergen Mall itself is planned to appeal primarily to middle and upper middle income consumers. But it is believed that it will also present some attractive shopping opportunities to patrons of the quality sub-center across Route 4.

They also believe that with the quality center, Bergen Mall will be in a unique position to serve practically the entire population within driving distance of the center.

A related site consideration was the one of optimum center size determination. Allied believes a CRSC should not be made so large that it fails to provide convenient parking for its patrons. Experience has shown that customers are extremely reluctant to walk more than 400 or 450 feet from their cars to their primary destination in the center. This is a very real limiting factor to the size of regional centers.

The Bergen Mall layout will enable them to overcome some parking difficulties and build a larger than usual center. That is, with four highways, forty-seven openings providing access and egress to the center, and a system of compartmentalized areas, a greater number of parking spaces can be provided and more efficiently used.

The site is served by satisfactory public transportation agencies. The center expects to benefit by walk-in trade as the area around the site develops.

The site, assembled in eighteen parcels, took two years to complete and was acquired at a price of more than \$1,000,000. It is on high, dry ground, rock foundation. The site is almost ideal from a construction point of view.



BERGEN MALL

*Other features.* Aside from locational aspects, a feature of interest is an underground truck tunnel, first used in Northgate in 1950. The roof of the truck tunnel will be the mall of the center, "a Main Street without traffic" which will go by all the stores in a plan that favors equal chances for customers to all tenants. The mall will be more than a quarter-mile long.

The tunnel will improve traffic and eliminate store-level deliveries. Each store will have two fronts, two display windows, and two ways of customer entrance.

Other features of the center will include a convertible auditorium and ballroom with a seating capacity of 500. This will be available to local groups without charge. The developers are planning to landscape the grounds to the extent of having a full time staff of a dozen or more gardeners work on flower displays and plantings year round.

A bell tower described as an Indian Singing Tower will be another Bergen Mall attraction. The tower will feature carillon recitals. An outdoor artificial ice skating rink is planned also.

## CHAPTER XV

# NORTHLAND CENTER, DETROIT MICHIGAN

*Center location and specifications.* Northland Center is situated on 163 acres of a 480-acre tract of land, just north of the Detroit city line in Oakland County, Michigan, about ten miles from downtown Detroit. The site is bounded by Eight Mile Road on the south, Greenfield Road on the east, Nine Mile Drive on the north, and Northwestern Highway on the west. These are four of Detroit's main highways. Motorists do not turn into the center directly from the highways but are diverted into an internal system of runways designed to avoid congestion. In all, there are nine entrance and exit roads. Northland is centered in the fastest growing section of the Detroit metropolitan area.

The center is owned by the J. L. Hudson Company, Detroit's dominant department store. It is the first of three or possibly four regional centers to be erected by Hudson's in the Detroit area.

Northland is the largest, most modern and most expensive CRSC in operation as of early 1955. With ninety stores supplementing a Hudson branch, Northland offers a complete suburban shopping town to its trading area. Among the tenants are ten women's apparel shops, seven shoe stores, three millinery shops, three jewelry stores, four home furnishings and appliance stores, six food stores, five men's and boy's clothing stores, a children's shop, self service drug store, a portrait studio, variety store, four restaurants and snack bars, a bank, record shop, beauty parlor, dry cleaner, florist, book store, and others. These tenants are in addition to the 200 separate departments in the Hudson store. The center has one and a quarter miles of store fronts but the stores are laid out in cluster fashion and connected by covered walks.

Officials of the center claim that the Hudson branch is the largest branch department store ever built in or out of a con-

trolled center. It has 486,205 square feet of floor area of which 370,000 is rentable sales space. It is also claimed to be the biggest department store of any kind erected since the 1920's. The branch includes in addition to its 200 departments, a cafeteria, and a 300-seat restaurant.

The center has nine paved parking lots with space for 8,841 cars, within 500 feet maximum distance from the nearest building. Space for expansion is available up to 12,000 cars.

Land and construction costs were more than \$25,000,000. The 1,045,000 square feet of rentable area is expandable to 1,500,000 square feet.

In 1954, the center served a basic trade area of 550,000 people living within twenty minutes driving range. In 1951, when plans for the center were started, 450,000 persons lived in the area. Pre-opening estimates were that the center would reach \$50,000,000 volume by the fifth year of operation. Actually, the first full year's volume will exceed \$80,000,000. The J. L. Hudson store expects a sales volume of \$50,000,000 in the first year. The daily attendance is averaging 40,000 to 50,000 against a pre-opening estimate of 30,000. The center has handled a peak of 45,000 cars in one day. The average car load is 3.38 persons.

*Locational process.* The J. L. Hudson Company is the leading retailer in the Detroit area and one of the outstanding department stores in the world. Its 25-story, 2,000,000 square foot downtown store in Detroit does about the same volume as Macy's in New York or three times as much business as its nearest Detroit competitor. Considering that the Detroit metropolitan area is only about a quarter the size of New York, this represents an outstanding regional position.

Up to the time the centers surrounding Detroit were conceived, the management was opposed to building branch stores. Northland is its first branch and it is more accurately described as a full line suburban department store.

While volume was increasing steadily, Hudson's was aware that many customers were finding it increasingly burdensome to reach the downtown area, and that other stores had moved

to the Detroit suburbs and were doing well. Hudson's also realized that a basic reason for the success of the suburban stores was the provision for parking for automotive shoppers. About 100,000 automobiles entered Detroit daily in 1950 to find only 15,209 available parking spaces. Nevertheless as the volume of the Hudson store had doubled in the decade from 1940 to 1950, they were not unduly exercised over the parking and traffic situation. What finally changed their minds was an analysis of the 1950 census figures which showed that Detroit's population growth was concentrated on the fringes of the city.

### Regional Choices Are Obvious

The role of the architect in initiating action on this center was important. The architect on this and other centers was in Detroit on a project in 1949. He examined Hudson's position in the market, studied the city and its pattern of growth and then wrote a ten page letter outlining the case for Hudson's building a branch store and shopping center. He was invited to discuss the idea with Hudson's, after which the idea was further explored and sites examined. The decision was then made to build three and perhaps four centers, of which Northland is the first.

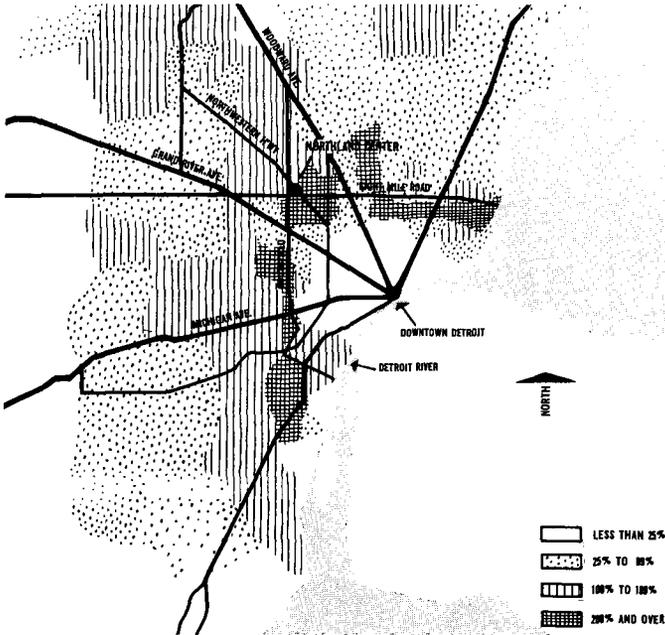
Considering the geographic structure of Detroit the regional choices became obvious. The central business district of Detroit is on the Detroit River. The highway pattern of the city is a series of spokes leading out from the hub. Detroit also has a series of east to west roads which connect the main highway spokes with the many prosperous suburban communities.

It became clear that one location should be to the east, another to the north, and the third, most likely to the west of the city. The management's decision, as all the locational decisions involved, was made without benefit of outside counsel or research. Their many years of living with the retailing facts of the area had given them a deep understanding of the region. They did not believe outside specialists could contribute much to their knowledge of greater Detroit.

The store did employ a realtor to inventory sites in the three

sections that seemed suitable for large regional centers. The only specifications were:

1. Sites at least 50 acres, no upper limit.
2. Sewer and water facilities within reasonable distance.
3. Sites served by a highway system adequate to absorb the additional traffic the centers would create.
4. Sites to be assembled at reasonable cost. In effect this established a requirement of largely vacant land; it was thought it



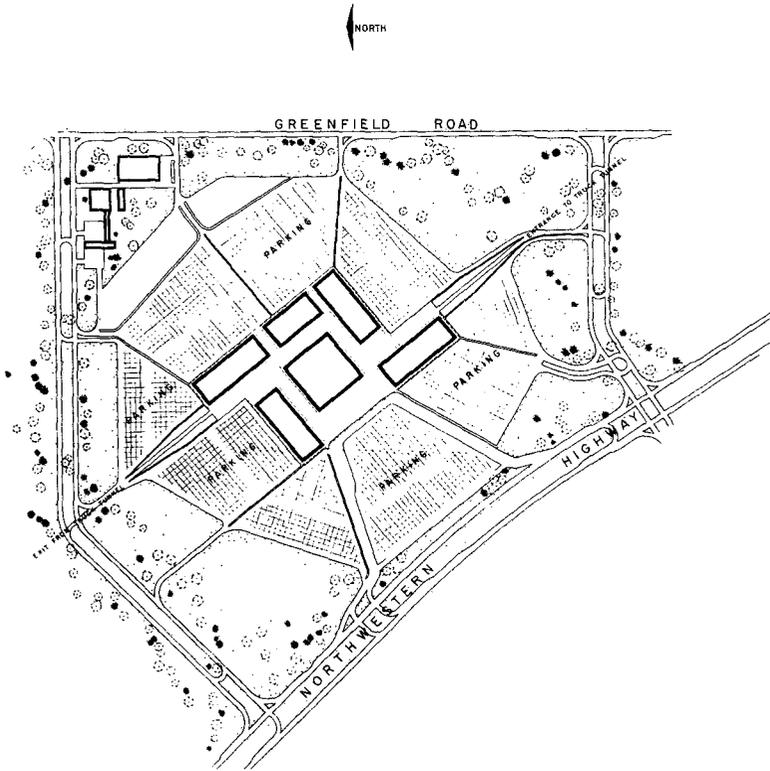
Population Increase in Detroit area 1940-1950

**NORTHLAND CENTER REGIONAL LOCATION**

would be too expensive to demolish existing structures. It further indicated that the land would have to be on the market already since owners who would have to be persuaded to sell would likely demand a premium price.

In Detroit, most of the land is flat so that no unusual construction difficulties were expected in any land in which Hudson's

might become interested. With these specifications, the realtor assembled about a dozen sites.<sup>1</sup> Of these, from photographs and descriptions, half were dismissed as inadequate. The remainder



NORTHLAND SITE PLAN

were inspected and the Northland site selected from this group. Hudson's did not conduct research on the site. They felt assured of its potential value.

The Northland tract was free of construction. Most of it was

<sup>1</sup> The specifications and procedures utilized in the site search for the other centers were the same. Eastland is also on Eight Mile Road in the Grosse Pointe area. The Eastland site, formerly farm land, was actually purchased first. It will be about 80 percent the size of Northland. Land for Westland, the third center, has been bought, but Hudson's is seeking another larger site for Westland. The Westland tract is almost due south of Northland. Plans are still in the early discussion stages concerning a possible fourth center.

owned by a college which at one time planned to create a campus on the site. One other party owned the remainder of the tract. There was some difficulty in acquiring the remaining portion of the site, but all land was finally purchased for \$2,000,000. It took three years for the center to open from the time of the decision to build a branch store. The construction of Northland began in May, 1952 and the center opened in March, 1954.

*Regional factors.* Because of Hudson's position in Detroit the choice of the greater Detroit area for branch store locations was implicit. The only question at issue was the choice of sections in the area and then of the particular site. Detroit is a highly desirable retail market. To protect their position in it, Hudson's felt compelled to make their branches impregnable to competition.

Some population background on the Detroit region is included to indicate the frame of reference in which the almost intuitive decision to build three or four branches was made.

Detroit is the fifth largest city in the United States. More important, it is the fastest growing of the major eastern cities. The metropolitan area grew 26.9 percent between 1940 and 1950 as compared to New York's 10 percent. The city itself grew 13.9 percent as compared to New York's 4.7 percent. Within the central

Table XVI  
DETROIT METROPOLITAN AREA POPULATION

	1950	1940	Increase	
			Number	Percent
Wayne County	2,435,235	2,015,623	419,612	20.8
Oakland County	396,001	254,068	141,933	55.9
Macomb County	184,961	107,638	77,323	71.8
Total	3,016,197	2,377,329	638,868	26.9

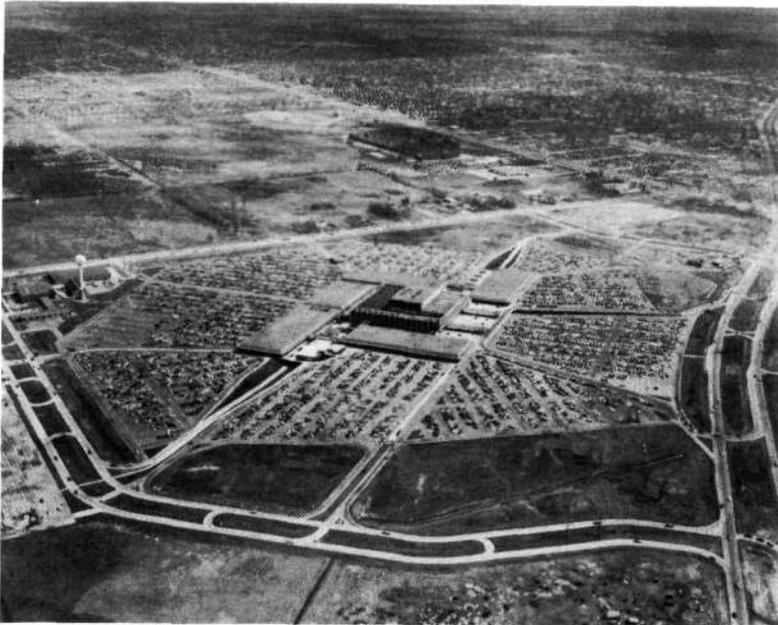
Source: *United States Census of Population, 1950, Number of Inhabitants*, Washington, Bureau of the Census, 1952, Vol. I.

city the population of the central core increased 5 percent during the decade, while the balance of the city increased almost 52 percent, for the total net gain of 13.9 percent. (In this period the Northland area grew over 200 percent.)

The Detroit metropolitan area encompasses part of Wayne, Oakland, and Macomb Counties. Table XVI indicates that there was a population gain of 638,868 in these counties during 1940–1950. This population gain alone was enough to have established a new metropolitan area which ranks 24th among the 168 in the country.

*Site factors.* When Hudson's inspected the Northland site it was decided the search for a site in the northwest section of the area was over. It was a case of moving quickly or losing the land; they bought the tract and had it rezoned afterward.

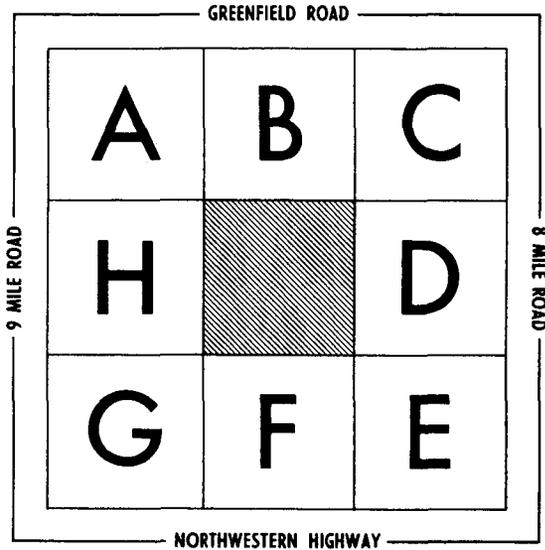
They purchased the tract even though some store executives believed there would be determined home-owner opposition to



Northland Center. Note the suburban population concentration over the Detroit city line south of Eight Mile Road at the top of the picture.

rezoning it. The site is close to Magnolia Gardens, a community of more than 200 homes in the \$40,000 class. Most of the residents moved from Detroit when Magnolia Gardens was peaceful coun-

# HUDSON'S NORTHLAND SHOPPING DIRECTORY



*Letters located on columns throughout the Store indicate the sections.*

<b>BOYS'</b>	Level Section
Boy Scouts' Supplies.....	2-B
Clothing and Furnishings.....	2-B
Shoes.....	2-B

<b>CHILDREN'S</b>	Level Section
Barber Shop.....	4-G
Clothing.....	3-H
Furnishings and Underwear.....	3-G
Shoes.....	3-H
Toys.....	1-G

<b>CUSTOMER SERVICES</b>	Level Section
Alterations, Women's.....	3-E
Bridal Gift Secretary.....	1-F
Cashier & Credit Office.....	3-G
Cleaning and Dyeing.....	3-G
Dining Rooms—Restaurant.....	4-G
Cafeteria.....	1-D
Film Developing and Printing.....	2-A
Fur Storage and Repairs.....	3-G
Gift Certificates.....	3-G

tryside. Because of possible opposition from this group, Hudson's went to some trouble to win the community over to accepting the shopping center idea.

Using a scale model, plans were explained in full detail to representatives of the Magnolia Civic Association. The basic point made by Hudson's was that retail activity was certain to come close to Magnolia Gardens, considering the movement of Detroit population, and that it was better to have the development planned and supervised rather than have it grow without restraint. A mass meeting was held to explain the project to residents of the area. As a result of these preparations, within two months the rezoning to business property was accomplished with only slight opposition. One favorable factor was that Northland would contribute about \$250,000 in taxes to Southfield Village and the Oak Ridge School district.

### **Northland Site Met All Specifications**

The site met all of the specifications stipulated. In addition it was in the fastest growing and wealthiest area of Detroit. The northwest section of Detroit and its suburbs in which the site is centered, increased from a 1940 population of 199,857 to a 1950 population of 285,390. The section of the trading area lying inside the Detroit city limits increased by 85,533 in the decade. This represents 38 percent of the growth experienced by the entire city. The suburban section of the Northland trade area added 70,632 new residents in the 1940-1950 decade. Every indication was that the movement of population would continue in the same direction. In fact, in the three-year period it took to open the center, 20,000 new home-building permits were issued in the trade area zone. This represents a population increase of 75,000 in that period from this source. These new families will spend more than Northland will gross. So in a sense, Northland is supported by population growth.

By December, 1954, estimates were that over 550,000 people lived within twenty minutes' driving time of Northland, in the richest trade area of the Detroit region. In 1950, family incomes

averaged \$7,100 in the city portion of the trade area and \$6,000 in the suburban section.

Some patronage comes from beyond the twenty-minute driving zone. A study in May, 1954 indicated that 40 percent of the visitors to the center came from outside the calculated trading area. A survey made in July, 1954 indicated that 31 percent of the trade then came from outside the twenty-minute zone. Northland officials believe that ultimately this percentage will stabilize at about 25 percent. This, of course, represents a market potential in addition to the basic 550,000 population.

The excellent access to the site over high capacity roads was another feature of the site that immediately impressed the Hudson team. The site was richly served by existing highways at the time it was examined. A potential bonus existed as it was known that Northwestern Highway was scheduled to become a state trunk line in the future, continuing the John C. Lodge Expressway. When this project is completed, access to the center for nearly all Detroit residents west of Woodward Avenue and north of Grand Boulevard will be better than access to the central business district of Detroit.

Another site factor viewed favorably was that the tract was situated practically across the street from the Detroit line in an unincorporated area and in a different county. Politically, this means that annexation of the property at a later time by the city of Detroit is impossible. In Michigan, cities can not jump county lines to annex property. The Detroit metropolitan area is a complicated one politically, covering 132 governmental units including 2,000 square miles and 3,300,000 people (3,016,197 in 1950). Other things equal, Hudson's preferred to be in a smaller rather than a larger governmental unit, largely for tax reasons.

For twenty miles south of the Northland site the area is rather densely packed with residential and commercial developments. Yet, from Eight Mile Road north, the area is much more sparsely populated. The reason is the Detroit utilities stopped at Eight Mile Road, the city limit. This for a time effectively blocked large scale expansion beyond that point. Hence, there was a pocket of attractively situated undeveloped land in the North

Woodward Avenue area. The site was acquired because of "an accident of time." Two or three years later it would not have been available. In 1954, a new water system was being installed adjacent to the center. This is expected to result in a rapid development of the area. Residential property values in this area have increased sharply.

*Other Northland features.* Special attention in the planning stages was given to details which would tend to make Northland a community center. The basic Northland idea is to develop a market place to which people will come not only for shopping but for social and recreational activities. As a result non-shopping facilities are elaborate. A 300-seat civic auditorium is expected to identify Northland with the community and strengthen its community relations. Its success is indicated by its being booked solidly weeks in advance. Private dining rooms and kitchen with catering service are available.

Little seems to have been spared to make it a comfortable and inviting place to shop. For example, all stores are air conditioned. The grounds are spotted with works of several leading sculptors. Music is channeled into the grounds. Its horticultural scheme is built around magnolia (remember Magnolia Gardens) and cherry trees. All garden areas are lighted at night. Conveyor belts move packages from the supermarkets to shoppers' cars. All shipping is through underground road facilities with their own approach and exit.

Owners of the center believe, as did all owners interviewed in the course of the study, that they have "one of the finest shopping center sites in the country." They believe they have a maximum amount of the best qualifications essential to make an outstanding site. On their rating scale in which Northland represents 100 percent, the next best site they considered would rate about 40 percent.

They are pleased with their 480 acres of which 163 acres are in use for various center activities. Buildings, including garage and service facilities, account for 1,317,030 square feet or about twenty-six acres. The remainder represents parking facilities, landscaping, and room for expansion. According to present think-

ing of the Northland management it is important to have a generous site, difficult to have too much and in terms of the final cost of the center, land, the most precious ingredient, is the least costly item.

Their experience with Northland, plus what they hear of other centers, has now increased Hudson's appetite for land. Instead of thinking in terms of a 50-acre minimum as they did when Northland was conceived, they now consider 100 acres a minimum site size for a regional center. At Eastland they are limited to 160 acres. They may not build Westland on the tract purchased for it as their perspective on site size has changed.

*PART III*

**FACTORS AFFECTING REGIONAL CENTER SITE  
SELECTION AND CONCLUSIONS**

## CHAPTER XVI

# THEORY AND THE FACTORS AFFECTING CRSC LOCATION

For full understanding of the site selection decisions reported in Part II, each case should be viewed against the environmental factors influencing the particular location decision. But a common problem was studied as it developed and was solved in six different organizations. It is time, therefore, to draw some threads together and seek some generalizations from the case studies. This may be done by establishing criteria potentially useful for selecting or evaluating any CRSC site. This is the subject of the present chapter.

*Outline of Part III.* The role and contributions of theory in locating regional centers is considered next. This is followed by a listing of twelve factors affecting regional center site selection. The factors are based on selection criteria used in the developments studied.

In Chapter XVII an "ideal" pattern of site selection for regional centers is presented. The pattern is in effect a summary of the best location techniques reported in Part II. A form for rating CRSC sites follows the pattern. This report closes with nine general conclusions pertinent to CRSC site selection and some suggestions for further research.

*Developer's use of theory.* The developers of the six centers did not knowingly use any of the body of social science theory on location. Neither did most of them use the formal approach suggested in this chapter or ranking charts as suggested in Chapter XVII. Indeed, they seemed to share an opinion that selecting a suitable tract for development depended more on experience than on the use of theories or formulas. Actually the developers were guided by principles and theory. But they did not articulate

their principles or explain their action on theoretical grounds. This lack of verbalization is typical of the practitioner as opposed to the theorist.<sup>1</sup>

It seems clear that a problem such as site selection for a regional center could hardly have been solved by these busy developers without using theory. Any problem solution involves the use of theory. But it is not necessary for the problem-solver to recognize that he is theorizing.

The formal body of knowledge known as location theory suggests that location selection is a most complicated matter. Possibly this is because most location theory writings have been concerned with manufacturing operations where materials and labor play a larger role than in most marketing location decisions.

### Industry Classified in Three Groups

Students of geography and economics have classified industry into three general groups: market oriented, material oriented, and labor oriented. In some manufacturing plant location decisions all three elements are operative, though one group may be locative. The CRSC is an example of a market oriented plant. For all practical purposes the market is the locative factor. The regional center locational problem becomes one of finding the site that will prove most convenient and attractive for customers in the market the CRSC is designed to serve.

Of all industries, market oriented industries are the most dynamic locationally. The other two elements, labor and materials, have more stability and usually may be counted as constants in locational problems. With shopping centers today's optimum location may not hold that position tomorrow. A new highway or a new center may open and the public may find the center more convenient. The first center then overnight will have lost its chief quality of situs.

A shopping center tract is given value by its situs. This is not a fixed characteristic of land as may be its raw material character-

<sup>1</sup> George Brown, speaking at an American Marketing Association meeting in Detroit on December 28, 1954, suggested that the main difference between the theorist and non-theorist is the theorist verbalizes his behavior. The theorist tests his theories and is conscious of their use while the non-theorist is not.

istics. Situs will vary with human preference. But research may enable the developer to predict the environmental conditions that will determine human preference in the area in which the center will operate. One value of the twelve location factors is that these reflect observations on human behavior the developers believed to be decisive in determining situs.

In practice, the developers selected the metropolitan area for their CRSC almost intuitively, based on their interest in and knowledge of the area. They selected the region or section of the metropolitan area using the factors of *population, purchasing power, growth, and competition*. They selected the site using the *seven site factors*. They were prepared always to compromise between the ideal site and its availability.

*Profit motive.* In a profit-motivated economy, the task of the CRSC developer and site selector is assumed to be one of choosing the site at which the most goods will be sold at the maximum profit. This is achieved in location theory by using the site at which the costs of the goods as they are delivered to market will be minimal.

*Transfer costs.* In practice, the developers emphasized demand rather than costs by seeking sites at which the greatest volume of goods might be sold. Production costs are not stressed, though these are recognized as limiting the choice of properties by ruling out extremely expensive land. In selecting sites the promoters were more interested in minimizing another type of costs, transfer costs. They were not concerned with transfer costs of raw materials or direct labor but with the costs of moving the product from the site to the homes of consumers. This is a type of transfer costs not borne by the developers or the stores in the center, but directly by patrons of the center.

The sponsors did speak of "making shopping easier" for customers, though none of them made use of the transfer cost concept. But what they all attempted to do was to acquire a site the greatest number of qualified consumers could reach with the least expenditure of time, physical and nervous energy, and money; a site from which the transfer cost of the goods as they

are delivered to homes in the region would be minimal. Such a site was usually in the center of a prosperous and populous trade area.

In theory, the reason sites at the center of urban or suburban activity are considered most desirable and why this valuation is reflected in higher rents, is the labor savings involved in a central location. It is more convenient for a greater number of shoppers to conduct business in the central business district than in any other element of the metropolitan retail structure. This explanation is valid even though unsatisfactory parking and traffic conditions have served to lessen the attractiveness of the central city to many consumers. The 100 percent location in the central business district is still the one the largest number of consumers in the metropolitan area can reach at the minimum of transfer costs.

Shopping center developers seek the 100 percent suburban location from which the most customers in a region can be served at the minimum of transfer costs. This is the reason CRSC sites are preferred that are close to the center of the suburban population area these sites are designed to serve. In locating shopping center, or other retail facilities, the ideal is to locate as closely as possible, considering all transfer costs, to the scarcest factor and the one with limited mobility, the customer. *The justification for the CRSC is that it serves to minimize transport costs, not of materials or labor but of shoppers.* The choice of a site at which transfer costs will be minimized for the largest number of automotive customers, will be facilitated through use of the following factors as criteria of site selection.

*Location factors.* The factors are classified as either regional or site factors. Regional factors are those of *population, purchasing power, growth, and competition.* The site factors are *access, traffic, size, expansion, parking, cost, terrain, and utilities.*

### Regional Factors

*Population.* Regional centers are best located in residential population concentrations in outlying sections of large metropolitan

areas. Ordinarily a minimum of 500,000 people should reside within thirty minutes' driving time distance of the site.

*Purchasing power.* Regional centers should be located in an area only after an analysis of the purchasing power and stability of income and expenditures of residents indicates the trade area is sufficient to support a regional center of the size contemplated.

*Growth.* The section of most rapid population growth and probable future expansion within the metropolitan area is normally the most promising sectional choice for a suitable CRSC site.

*Competition.* The location of competition as it affects potential sites should be investigated both quantitatively and qualitatively. A regional center should ordinarily be located in an area only when proof exists that existing and planned retail facilities are inadequate.

#### Site Factors

*Access.* A regional center should be easily accessible to automotive traffic. The site should be in a prominent location and be served by a system of primary and secondary roads, offering convenient, safe, and free flowing means of access and egress.

*Traffic.* Sufficient road capacity should be available to handle existing traffic around the site, traffic likely to be produced by future expansion in the area, and traffic created by the additional vehicular activity the CRSC will generate.

*Size.* The site should be large enough to provide the desired amount of store and service facilities and parking at a parking space to floor space ratio of at least three to one and preferably, four to one. Sufficient land should be acquired to serve as a buffer and possible expansion area. With regional centers these specifications usually require a minimum site of fifty acres.

*Expansion.* Provision should be made in the earliest planning stages for expansion after the center is established. The developers should attempt to build with expansion provisions for five and ten year periods ahead. In the intervening period excess space can be used for landscaping and recreational purposes until the time it might be needed for commercial use.

Provision for expansion may be necessary for a regional center to hold its planned position in the event of an increase in population and trade after the center opens. If the center can not expand as needed, competing shopping facilities will develop in the area pioneered by the first center.

*Parking.* The site should be of a size and shape to provide parking in at least a three to one ratio of parking to store space. Shoppers should not have to walk more than 400 feet from their automobiles to the nearest store. The ideal ratio of parking space to store space increases with the size of the center.

*Site cost.* The cost of acquiring the site, preparing it for construction, and any extraordinary maintenance costs must be carefully measured and considered. In general land costs are not to be economized upon at the expense of losing a premium site.

*Terrain.* The terrain should be thoroughly examined by architects and engineers in advance of purchase to ascertain conditions which might affect the locational decision. In general, level ground and solid earth represent the preferred terrain conditions.

*Utilities.* Utilities should be available to the site at the time of acquisition or at completion of the center. Regional centers will ordinarily maintain some of their own utility services, but power, water, and sewage facilities should be available to the property line.

These factors formalize certain concepts familiar to practitioners in the regional center movement. At first glance the factors may seem quite simple. But, as someone has said, the theory of probability is fundamentally only common sense reduced to

calculus. Formalizing “common sense” may be one of the major contributions of the marketing theorist. For the task of the theorist is to explain reality and to formalize the actualities of practice and the world of affairs. If this is done practitioners and other theorists should be better able to understand and control the forces shaping decisions and the results of those decisions.

## CHAPTER XVII

# A PATTERN OF SITE SELECTION AND GENERAL CONCLUSIONS

*Specifications summarized.* The aim of this investigation was not to produce statistics which would count shopping centers in terms of particular characteristics, but to view and understand the site selection process in operation. The purpose of Table XVII on page 161 is to present concisely some of the pertinent specifications of the six centers, not particularly to compare one center structurally with another.

The table emphasizes the magnitude of the decisions reported in Part II. In effect the six cases concerned problems of locating new shopping facilities costing \$163,500,000 and involving 484 stores, at least seven of which are branch department stores. The centers are designed to achieve a yearly volume of \$453,196,000. Each of the shopping centers considered separately is approximately the equivalent of the total retail space of a small city concentrated in an average tract of about 110 acres. Each center represents a concentration of retail facilities that is or will be superimposed on an area already served by existing retailers.

*Decision makers.* All of the site selection decisions were made or approved by the chief executive of the developing organization. In all cases members of the top management group of the developing organization participated in the discussions surrounding the location decision. The real estate developers made their decisions on the basis of their familiarity with the region. With the department store operators, more reliance was placed on the recommendations of staff officers. But, following usual corporate procedure on major policy items, the site selection decision was approved by the boards of directors of the department stores.

*Locational process.* With the possible exception of Bergen Mall, no explicit choice of a metropolitan area was made by the

developers of the six centers. The problem resolved itself to the choice of a region within the area, and then the selection of a specific site.

The Roosevelt Field Center did not involve the choice of a

Table XVII  
GENERAL SPECIFICATIONS SUMMARIZED

Center	Major Department Stores	Cost	Annual Anticipated Volume
Shoppers' World Cross County	Jordan Marsh	\$ 8,500,000	\$ 36,696,000
	Wanamaker	30,000,000	80,000,000
	Gimbel		
Roosevelt Field	R. H. Macy	35,000,000	60,000,000
Garden State Plaza	R. H. Macy	35,000,000	87,500,000
Bergen Mall	Stern Bros.	30,000,000	104,000,000
Northland	J. L. Hudson	25,000,000	85,000,000
Total		\$163,500,000	\$453,196,000
Average		27,250,000	75,532,667

	Developed Number of Acres	Square Feet of Store Space	Parking Spaces	Number of Stores	Opening Date	Developer
SW	70	500,000	6,000	44	1951	Rawls
CC	70	900,000	5,200	50	1954	Atlas
RF	122	902,954	10,000	100	1956	Zeckendorf
GSP	140	1,500,000	10,000-	100	1956	Macy
			11,500			
BM	100	1,500,000	8,600-	100	1956	Allied
			10,000			
NL	163	1,045,000	8,841	90	1954	Hudson
Total		6,347,954	48,641-	484		
Average		110.8	1,057,992	8,107-	80.6	

site *per se* as the property was owned prior to the decision to build a shopping center. But, even in this instance, the factors influencing the decision to build a CRSC rather than to put the site to an alternative use, were similar to those influencing other decisions.

## Ideal Pattern of CRSC Site Selection

The pattern of site selection presented in the following pages incorporates the thinking of the six developers. None of them completely followed the procedure suggested. The value of the pattern lies in its use as a model. As with most models it will be departed from in practice. But it may be helpful as a procedural starting point in future site selection problems. The pattern could be used as a procedural check list.

*Metropolitan area need determination.* The first step is the determination of the need and the degree of that need for new shopping facilities in the metropolitan area under consideration. In the centers studied the underlying factors contributing to the need were apparent and obvious to the developers, if not to all of their colleagues.

The basic elements determining need for a shopping center in a metropolitan area are population growth and distribution, and transportation. The answers to four questions will usually give a preliminary indication of need.

1. Is the population of one or two outlying regions of the metropolitan area large enough to support a CRSC?
2. Are existing and planned retail facilities in the area adequate? If not, to what extent are they deficient?
3. Does a traffic problem hinder the flow of shopping in the area? In the downtown district?
4. Are the parking facilities and traffic conditions in the central business district adequate to serve the needs of shoppers from outlying areas?

The answers to the questions indicated to the six developers a need for recentralization of retail facilities. All were characterized by a confidence that new shopping facilities built in the region of their choice, to serve the growing numbers of automobile-conscious customers, were needed and would succeed.

*Regional choice.* After determining area need, the next step is to determine the region in the metropolitan area offering the

greatest promise. The typical metropolitan area can be divided into four quadrants emanating from the central business district. A center may attract shoppers from all points of the region, but its location on the periphery of the central city ordinarily means the bulk of its patronage will come from one or two sections or quadrants. The limiting factor operating is the thirty-minute driving time element.

Ordinarily, the most desirable regional choice within the metropolitan area will be the region or quadrant combining the greatest percentage of substantial population growth with inadequate retail facilities. Observation, surveys, and recourse to published informational sources such as municipal records, will usually identify the prime section.

Adherence to the factors of *population*, *purchasing power*, *growth*, and *competition* is basic in selecting the proper region. These same factors govern the choice of a metropolitan area when there is a problem of this kind.

*Inventorying sites.* Available sites in the prime region should then be inventoried. A complete inventory for a regional center will ordinarily include every open tract of fifty acres or larger in the section. The factors of *access*, *traffic*, *size*, *expansion*, *parking*, *cost*, *terrain*, and *utilities* will later govern the ranking of the inventoried sites. In almost every case a compromise between suitability and availability will be necessary. Many of the most desirable suburban properties will be in use for residential or other purposes. However, with a clear set of specifications in mind such as presented in the site ranking chart on page 167 the compromise should be satisfactory.

*Aerial mosaic inventory technique.* Assuming fifty acres as a minimum site size specification, a technique of aerial inventorying becomes feasible. In the typical major metropolitan area a fifty-acre minimum tract size narrows the number of available properties considerably. It is incumbent on those making the inventory to be certain that no available properties are overlooked and that the key facts about each property are clearly

visualized. An aerial view of the section has the virtue of showing graphically the relationship of all sites to the growth of the region, population movement, competition, and access facilities.

Hudson's officers used this technique in searching for a new site for their Westland center. They obtained an aerial mosaic of the region, were able to study the mosaic and complete a preliminary evaluation of all prospective sites before an on-the-site inspection. This technique resulted in a different and more valid site ranking than an earlier survey conducted by personal inspection. They believed they were able to visualize population and traffic movements more accurately. This technique in this case revealed site possibilities not considered originally.

Use of the aerial and personal inspection methods of site inventorying, together with the site ranking chart, will ordinarily bring one or a few sites to the forefront as possibilities and eliminate most others. Sites should be ranked tentatively and the promising ones investigated more thoroughly using the procedure described below.

*Trade area delimitation.* The trade area served by each leading site should be delimited. This can be done by computing driving time distances to reach the site. The results should be mapped isochronally. The thirty-minute zone will usually serve to demarcate the outer limits of the trading area that can be served from the site. Trade may come to the center from beyond the thirty-minute zone but is usually business that cannot be depended upon. It is particularly vulnerable to competition from other centers or trade areas.

*Population estimates.* With trading areas outlined, the next step is estimation of the population of each trade area as closely as possible. Census figures will serve as the base for most such estimates. It is possible to secure special tabulations of Enumerator Districts that will be useful for smaller segments of a market. But since CRSC are located in expanding districts, census statistics must be brought up to date. Building permits and utility records such as electric and water meter changes can be used with

other sources to revise the basic census data. Any emigration from the section should be measured.

All residents in a thirty-minute zone should not be included in the market for a center. Adjustments should be made for varying distances from the center, income level, existing and planned competition, and buying habits.<sup>1</sup> The general technique used by Shoppers' World (Chapter X) is satisfactory. Unfortunately the discounts must be arbitrary. But for purposes of site selection it is important that the discounts be consistent to assure an accurate ranking of sites. The problem of forecasting volume for shopping centers is a subject for further research.

*Income estimates.* Total family income and its distribution are key income facts of the trade area. Secondary sources are helpful in judging income distribution and stability in an area but the researcher should be quite satisfied with the validity of the income data available. Field surveys may be necessary. In all calculations the most conservative figures should be used. Among the most helpful income sources are Bureau of Labor Statistics figures and sales tax records. A rough indication of income distribution can be approximated through an analysis of home values and rentals in the region.

*Retail sales.* Using population and income figures the total retail purchases of inhabitants of the trade area by driving time zones should be estimated. The amount that is actually spent within the trade area by residents can be estimated by comparing census retail sales figures of stores in the trade area with the estimated purchases of residents, unless there is a significant influx of trade to the area from consumers outside of it. The resulting figure will be useful as a measure of the escape trade to competing areas. The degree of escaped trade is one measure of the adequacy of existing retail facilities.

<sup>1</sup> One developer held that 100 percent of shoppers will drive five minutes to reach a CRSC, but that only 50 percent will drive thirty minutes. This assumes unsatisfactory traffic and parking conditions at competing centers. Such judgment must be used carefully. A larger regional center with two department stores may exert a greater pulling force on an area than a smaller center with one department store branch.

## Procedure for Forecasting Volume

Ordinarily, in site selection these are the calculations that are necessary prior to rating the site. The following suggests a volume forecasting procedure for the center.

Various tables are available showing how the disposable income of families of varying sizes in different income groups and geographic areas is spent. The use of such tables, supplemented by research, gives a measure of the center's desirable size and some indication of its ultimate composition. The crucial forecasting problem becomes one of determining what proportion of income families in the trade area are likely to spend in types of stores to be included in the center, and then the center's share. Evidence to date has been that most centers have misjudged their share of the market by a wide margin. In most cases business has exceeded the estimates, but from a forecasting point of view greater accuracy is needed.

What percent of their purchases will residents make from center outlets presenting satisfactory types of merchandise? Factors such as competitive store groups, access, transportation facilities, income distribution, and the nature and level of merchandising in the center are all variables that have not been effectively correlated.

In the site selection process with which we are concerned it is important that any formula used be consistent. Perhaps an accurate relative appraisal of the merits of the various sites can be obtained though an accurate forecast of volume does not yet seem to be available.

*Availability and zoning.* The following site ranking chart assumes the availability of the rated site together with its possibility of rezoning. Only sites that are, or potentially could be, on the market should be rated. Similarly, the site has to be zoned or rezonable for commercial development. A developer should not proceed too far in his planning about a particular site unless he is reasonably confident the site is available commercially and legally.

The site ranking chart is designed to serve only as a guide. It is

Table XVIII

CONTROLLED REGIONAL SHOPPING CENTER

SITE RANKING CHART

Description of Site Being Rated \_\_\_\_\_

<i>Factor being rated</i>	<i>Ranking of site (in order of relative preference)</i>				
	1	2	3	4	5
<b>REGIONAL FACTORS</b>					
Population					
Within 15 minutes					
16-30 minutes					
Purchasing power					
amount and stability					
distribution					
Growth of population					
amount					
degree					
Competition					
amount					
quality					
<b>SITE FACTORS</b>					
Size of tract					
minimum size					
undivided					
buffer area					
Access and egress					
primary roads					
secondary roads					
Traffic					
present pattern					
future pattern					
Parking					
amount					
nearness to stores					
Cost					
acquisition					
maintenance					
Terrain conditions					
grading					
subsoil conditions					
Utilities					
proximity					
Expansion-Environment					
expansion					
environment					

recognized that in site selection all of the relevant information may not be applicable in every case, yet the effort should be made. The time and money spent in attaining valid site rankings will normally be well spent.

*General conclusions.* General conclusions pertinent to site selection decisions are summarized below.

1. The CRSC movement is in an early growth stage. The number and importance of regional centers will increase, though the central business district will continue to dominate retail trade in most metropolitan areas.

2. Regionally, the most promising regional center locations are concentrated in the sections of greatest suburban population growth of the major metropolitan areas.

3. Among site factors, more attention should be given to the expansion factor in the planning of regional centers.

4. The present trend is to larger regional centers. The size factor is probably the most frequently violated location factor.

5. The ratio of parking space to floor space increases with the size of centers.

6. Regional centers may create their own traffic problems and possibly bring congestion to the communities they serve. Since the most favored sites are usually on or near heavily traveled highways in the direction of suburban growth, traffic problems may grow acute in the vicinity of regional centers unless suitable traffic changes are planned in advance.

7. The CRSC will serve a social function as an integrating force in suburban communities.

8. Location is only one of the factors contributing to the success of a center. Proper financing and management are vital to successful operation.

9. The CRSC raises questions of interest concerning the importance of the spatial aspects of marketing. Some of these questions are identified later in this chapter preceding a new definition of marketing. This definition stresses the significance of spatial and temporal forces on marketing transactions to a greater extent than is customary.

## Population and Vehicles Still Increasing

The population and transportation forces responsible for the increase in regional centers in the period since World War II will continue unabated at least for the next few years. The central business district will continue to dominate retail trade, but the proportion of business done by suburban centers will increase. It will increase because of a dissatisfaction with existing retail facilities in the major central business districts on the part of many suburban residents.

The chief dissatisfaction is transportation. It is a wearisome chore for suburban shoppers to reach most downtown districts through congested traffic and crowded streets. Then finding a convenient parking space is typically a problem. Public transportation is available, but it can do only part of the job in a culture wedded to the private automobile.

Evidence exists that as central business district merchants are seriously concerned about suburban competition, they are exploring methods to increase downtown trade. Merchants are cooperating to obtain improved transportation and parking facilities for central business districts. Their cause is hopeful. There is no reason why central business districts served by efficient highways bringing suburbanites to downtown areas, perhaps on thruways, to adequate parking facilities, should not be able to compete successfully with regional centers. But with the adoption of every type of corrective measure advanced, it appears the importance of population increase and migration is sufficient to warrant growth of more recentralized retail facilities in the hinterland.

In both theory and fact central business districts have attractions that will insure their continued importance as centers for the commercial and recreational life of metropolitan areas. But, they will encounter more competition from other shopping centers. However, the central district's natural locational advantage of being the point which the greatest number of people in the metropolitan area can reach most economically, ordinarily should suffice to assure its dominant position.

A regional center located on the periphery of the area will

usually attract the major share of its business from the quadrant of the metropolitan area it occupies. For this and other reasons no regional center now on the horizon will equal the breadth and depth of merchandise and services that a major central business district can offer.

*Concentration in growing metropolitan areas.* The operating regional centers and those in process of completion are concentrated in a relatively small number of metropolitan areas. It appears that this will continue to be so for a few years. Those interviewed agreed that the minimum trading area should include a population of at least 500,000.

As the population of the country increases, more cities will encounter the type of traffic and parking problems commonplace in the larger metropolises. Then, opportunities for more regional centers will appear.

*Expansion factor.* Examination of centers, planned and in operation, leads to the query as to whether all developers have understood the concept of continuing change so basic to social science. Some centers may be planned to meet the needs of 1955, but perhaps not of 1965 or 1975. It may be that the same pattern of downtown and suburban city congestion which spawned the regional center will appear again to its detriment.

The following population figures illustrate the problem.

Table XIX

NATIONAL CENSUS POPULATION FIGURES AND POPULATION ESTIMATES

<i>Year of census or of census estimate</i>	<i>Population or estimate</i>	<i>Population projection as of census year</i>
1940	131,669,275	By 1975, 180,000,000
1950	150,697,361	
1954	163,000,000	By 1975, 221,000,000
1965	190,000,000	
1975	221,000,000	

Source: Various census reports.

There is a danger developers may still be using 1940 population concepts and have underestimated the significance to market-

ing of the increased United States population. There is every possibility that the population increase, combined with higher employment, more leisure time, advancing technology, and greater efficiency of production and distribution will result in expanding marketing opportunities, particularly in suburban areas.

Recently much publicity in the business and popular press has been given population estimates and their probable significance.<sup>2</sup> Demographers, sociologists, and other social scientists concerned with population have been aware of the situation for a longer period, but only recently have they been able to communicate their findings to a wider audience.

A center such as Cross County, built for 5,200 automobiles, may not be able to expand to meet the opportunities of 1960-1975. The Cross County organization may have built a satisfactory center for the needs of 1955. But it is an open question as to whether they have a site large enough to allow them to participate fully in the merchandising fruits of the coming population expansion.

Builders of centers in the years ahead should provide room to grow with the area served. Not to grow means that competition will be invited from smaller controlled fringe centers, or other regional centers able to provide parking and other facilities adequate to meet the needs of the time. A regional center should be strong enough to dominate its area not only on opening day but for some years in the future. Centers can be built in stages, but proper caution should provide for future expansion. Certainly a center should be planned to discourage early serious competition. This can easily occur when planners underestimate growth forces in the area. A common complaint among developers of shopping centers has been that they underestimated needs and built too sparingly. On the other hand, this study indicated a possible overzealous evaluation of one area.

*Overexpansion.* A strong possibility exists that the now planned Paramus centers will result in an oversupply of retail facilities

<sup>2</sup> The Census Bureau reported that 1954 was the year of the largest annual population increase in United States history, 2,823,000. The rise was attributed to the more than 4,000,000 births of 1954, also a record. It was the eighth successive year that births exceeded 3,500,000. As of January 1, 1955, United States population was officially estimated at 163,930,000. *New York Times*, Feb. 25, 1955.

in that area. There is little doubt that the region can support one large CRSC. But with two centers including 200 new stores superimposed on a region, competition may be intense.

Originally, Macy's and Allied, each unknown to the other, sought a site in the Paramus region. When their mutual interest in Bergen County was discovered, they attempted without success to combine on one site. This merger undoubtedly could have been profitable. Under present conditions neither seems to be in a particularly enviable competitive position. Both may be profitable. If so, it will result from expanding regional population in the years ahead. But three by-products of their separate locations seem probable.

### **Possible Results of Proximity**

Each center is likely to emerge with weaker tenant relations because of the other's proximity. Both centers want approximately the same chains and leading local merchants as tenants. Prospective tenants are aware of this and they will not be averse to playing one developer against the other to secure the most favorable lease terms. It is too early to say whether the two centers will succumb to tenant pressures and offer too liberal lease terms.

Retailing is built on competition and comparison shopping, but their proximity may provoke an unusual competitive situation. At least they will have to strive for volume. Higher advertising budgets will be necessary. Other service expenses may be higher because of the extreme competition, thereby reducing the net. On the other hand, it is possible that the competition of attractions close by regional centers may assure the success of both.

As a third possibility the centers may create their own traffic problems.

This situation underlines the need for developers to consider not only existing but planned retail facilities in an area and to relate the pulling power of new centers to the total picture.

The question of building for the future involves striking a delicate balance. Some operators seem to have been sensitive to the long-run outlook for their area. Hudson's plan to ring Detroit with three or four large centers should help to maintain its strong

position in the Detroit area. Some stores prominent in downtown retail markets consider centers as a means of maintaining this dominance over the rich suburbs.

*Trend to larger sites.* The trend of thinking among developers of CRSC favors larger sites. Early site specification provided a minimum of fifty acres. Developers are thinking now in minimum terms of 100 acres or more. Tracts of this size are expensive and not easily found near large city limits. This suggests that in the future some centers are likely to be farther in miles and driving time from population centers.

*Parking.* A factor favoring larger sites is the larger center's need of additional parking space. As the size of a center increases, the ideal ratio of parking to floor space also increases. A ratio of three to one is commonly accepted as the minimum ratio for regional centers. For larger regional centers it is possible a four to one ratio should be the minimum. Attractions of larger centers are such that shoppers find more of their needs satisfied and as a result shop for longer periods, reducing parking turnover, thus necessitating more parking space.

There is evidence to support this theory. The average stay at a supermarket by an automotive shopper is about twenty minutes. Some community centers report an average stay of thirty to thirty-five minutes. Broadway-Crenshaw in Los Angeles is believed to have an average stay of thirty minutes. The 750,000 square foot Northgate Center in Seattle holds its shoppers about an hour while Northland reported an average stay of two hours. Women visiting the large central business districts stay downtown even longer. In Detroit, the Hudson garage in the city recorded an average visit of three hours and fifteen minutes.

Yet there are pressures, particularly on small sites, to economize on parking areas in favor of more store area. This may prove to be short-sighted. If Cross County is overbuilt for its parking space it can only provide more space through expensive multi-level construction. If it does not build additional parking facilities it invites parasitical competition on its fringes.

*Traffic problems.* Centers designed to park 5,000 and more automobiles and attract 30,000 and more customers in a day, inevitably add to traffic problems of the area. Without advance planning and cooperation with the local community, results can be unfortunate.<sup>3</sup>

It may be necessary for new road construction to be started early to be ready when the center opens. In every case, the center should recognize the existence of the problem and provide for it. One partial solution is to have numerous means of access and egress at the center.

A traffic analysis should be a vital part of any planning study for a CRSC. The traffic analysis should include not only existing traffic patterns but a judgment as to whether the road capacity serving the center is sufficient to meet the burden of additional traffic resulting from center growth and population expansion.

#### Centers as a Social Force

It is interesting to note the degree to which developers are planning to integrate centers into the communities they serve. Various devices have been reported in the case studies. Auditoriums, club rooms, restaurants, recreational facilities, and other community services all seem to be part of the planning of CRSC operators. All developers shared the community approach. If their various efforts are successful, the attractiveness of regional centers and suburban living generally for the new suburbanites will be enhanced. The appeal of the central business district as the center for social and shopping needs will be less, and suburbia made a more desirable place to live. The centers will then be a stronger causal force favoring further population decentralization—a force not to be ignored in a description of population movements of this decade.

*Center management.* A prime site location is only one element of a center's success. Many important aspects of center financing, management and operation have not been covered in this study.

<sup>3</sup> Westgate in Cleveland has its principal entrance on a main thoroughfare. To avoid the heavy traffic some shoppers are using the inadequate side streets to gain access to the center, resulting in local traffic problems and some community dissatisfaction.

Such subjects and others noted later represent promising areas for further research.

### **Spatial Forces and Marketing**

In most marketing operations the greatest amount of managerial time, energy, and imagination has been focused on the product and the promotion of the product. The spatial and temporal conditions surrounding the sale of the product typically have received less study. Yet marketing is concerned with the creation of time and place as well as possession utilities.

Business men are generally quite aware of the importance of the right location to market oriented plants and stores. So study has been given to the effect of different locations on the volume of goods sold. But many of the other relationships between location and the creation of possession utilities have not been explored. Location is important not only as it affects the volume of sales, but as it influences other variables of marketing transactions. Such questions as the following illustrate these variables.

What are the effects of different locations on: the quality and type of goods offered and sold, the degree of sales service required, and the amount of promotion and information needed to complete the marketing transaction? What effects do different locations have on the time people buy, and the costs of sales? What are the impacts of a new location on business done at other locations? In terms of regional centers, how will the establishment of regional centers affect marketing transactions in other elements of the metropolitan retail structure? These questions concerning the effect of position in space on consumer-behavior seem relevant whether one is concerned with increasing the profits of a particular enterprise or advancing science in business. Certainly CRSC merchants will have to find answers to such questions. Theorists may also study the questions to acquire understanding of some of the spatial aspects of marketing and of the market itself.

### **Differences in Customer Groups**

Merchants have recognized some differences between customers shopping in downtown and regional center stores. The two

groups of customers are from different income classes, have different tastes, and even may be of different sizes. Specifically, shopping center customers buy more sports clothing, casual wear, children's clothing and less formal clothes than patrons of downtown stores.

It is probable that retailers experimenting with suburban locations will continue to find that merchandising problems will vary between locations even though the same lines may be carried at different locations. But what will the nature and extent of the difference be? How will the home-owning, home-entertaining, child-raising, informal, do-it-yourself families of suburbia differ from their central city cousins shopping exclusively in downtown stores? These questions are important since suburbanites represent the most important single market in the country. As of June, 1955 it is probable that as many as 40,000,000 people constitute the suburban market.

A conceptual framework suitable for analysis of this type of problem was suggested by McInnes.<sup>4</sup> McInnes considers marketing as the motion which actualizes the potential relation between the makers and users of economic goods. He believes the science of marketing to be the analysis of the actualization process and the art of marketing as the use of actualization to affect sales. The task of marketing is to explore the nature and characteristics of the market and the increasing separations between producers and consumers in a complex social order.

Separation between producers and consumers can exist in six ways according to McInnes. Producers and consumers can be separated in space, in time, in ownership, in valuation, in knowledge, and in individual differences. In modern marketing the relationship between the parties is no longer an actual one where contact automatically exists. The relation is merely a potential relation manifested in six ways according to the six possible phases of separation; potentiality of space, time, ownership, valuation, perception, and individual differences. Of these, space potentiality is perhaps the most obvious factor of the marketing relationship. The distance between consumers is the potentiality which must be overcome by marketing effort.

<sup>4</sup> William C. McInnes, *A General Theory of Marketing*. Unpublished doctoral dissertation, New York University, 1954.

McInnes described the object of focus of marketing as the market. This is correct, but marketing has many dimensions, so many that it might be premature to limit the discipline to the study of the market. It may yet prove to be more rewarding to study the forces shaping the market. These are the temporal, spatial, and possessory forces resulting in market activity or inactivity. All persons involved in marketing are dealing with these same basic forces, though from different viewpoints and with different objectives in mind. One can practice marketing, study and theorize about it, or even teach it. Marketing can be viewed as an art, a science, or a practice. But in all cases spatial, temporal, and possessory forces are involved.

Since it has been contended that spatial and temporal forces have not been given due emphasis by marketing theorists and practitioners, a new definition of marketing is submitted. It is hoped the definition may stimulate discussion of the spatial and temporal aspects of marketing. It may be that out of such discussions a theory of marketing location will evolve that can contribute to understanding and control of the spatial forces molding markets.

*Marketing defined.* Marketing as a discipline is the study of the temporal, spatial, and possessory forces influencing economic transactions, and of the interacting efforts and responses of traders (buyers and sellers) in the market.

The art of marketing is the manipulation of temporal, spatial, and possessory forces in the market to achieve an objective in management. The forces may be initiated by either buyers or sellers attempting to adapt spatially, temporally, or possessively to each other.

*Other suggestions for further research.* Other problems inviting study include those of CRSC sales forecasting, optimum size determination, tenant selection and recruitment, internal layout, promotion and advertising, and financing and control. As experience is gained, comparative studies of different CRSC policies may prove illuminating. A study of the location factors influencing the choice of sites for neighborhood and community con-

trolled centers would have value. Management policies of smaller centers might be studied and compared with policies of regional centers. Such studies should enable us to gain more understanding of the shopping center movement and its various impacts on marketing.

## APPENDIX A

# INTERVIEW GUIDE AND CHECK LIST

Respondent \_\_\_\_\_ Center \_\_\_\_\_

Position \_\_\_\_\_ Date \_\_\_\_\_ Time \_\_\_\_\_

Explain to respondent: objectives of study and interview.

Obtain from him:

1. *General background for the location decision*
  - A. Sponsors of center
  - B. Relevant history of center development
  - C. Statistics on size of center, organization, etc.
2. *The locational process*
  - A. What individuals or groups contributed to selecting this site? What did each do?
    1. architects
    2. banks
    3. consultants—names, functions
    4. developers—names, functions
    5. engineers
    6. lawyers
    7. local, state agencies
    8. public utilities
    9. realtors
    10. retailers—tenants—prospective tenants
    11. others
  - B. Who made the final decision selecting this site?
  - C. Were other sites considered?
    1. How many?
    2. Where?
    3. Were the pros and cons of these other locations evaluated? How? (Rating charts, profit estimates)
    4. Reasons for rejection?
  - D. What methods were used in gathering data?
    1. personal site hunting and/or inspection trips
    2. letters—to whom?
    3. published sources—which ones?
    4. other

- E. From what sources was site information obtained?
  - 1. advertising
  - 2. architects
  - 3. community groups
  - 4. personal exploration
  - 5. public utilities
  - 6. retailers
  - 7. realtors
  - 8. other
  
- F. Were any special surveys or studies made to assist the site selection decision? What types of data were desired? Were they obtained?
  
- 3. *Site requirements in general*
  - A. What were the requirements you had in mind for the proposed site? What was their relative importance? Did a few factors dominate? Which ones? How were the various factors appraised?
  
- 4. *Regional factors*
  - A. buying habits of population
  - B. community spirit, alertness of population
  - C. competition, amount, quality
  - D. estimate of future trend of market in relation to region
  - E. financing considerations
  - F. income of area, present, future
  - G. labor picture
  - H. location of sources of supply
  - I. personal preferences of developer
  - J. taxes
  - K. transportation
  - L. other
  
- 5. *Site factors*
  - A. accessibility of site
    - to automotive traffic
    - to pedestrian traffic
    - to public transportation
  - B. availability of suitable site, purchase, lease
  - C. buffer area
  - D. expansion factor
  - E. parking question
  - F. time distance factor
  - G. topographical considerations, physical characteristics of land
  - H. transportation facilities
    - I. utilities
    - J. zoning and other regulations
  - K. anything else

6. *Evaluation of site*

- A. What is the trading area served from this site?
- B. What is the general level or quality of the market?
- C. What is the relationship of this center to merchants in the surrounding area? To the greater (New York) retail structure?
- D. How would you rate your site against the sites of (other New York centers or with other CRSC)?
- E. If you had your site selection job to do over again, what would you do differently?
- F. Any other comments

## APPENDIX B

# STANDARD METROPOLITAN AREAS

*Definition.* Except in New England, a standard metropolitan area is a county or groups of contiguous counties which contain at least one city of 50,000 inhabitants or more. In addition to the county, or counties, containing such a city, or cities, contiguous counties are included in a standard metropolitan area if according to certain criteria they are essentially metropolitan in character and socially and economically integrated with the central city.

The criteria of metropolitan character relate primarily to the character of the county as a place of work or as a home for concentrations of nonagricultural workers and their dependents . . .

The criteria of integration relate primarily to the extent of economic and social communication between the outlying counties and the central county as indicated by such items as the following:

1. Fifteen percent or more of the workers residing in the contiguous county work in the county containing the largest city of the standard metropolitan area, or
2. Twenty-five percent or more of the persons working in the contiguous county reside in the county containing the largest city in the standard metropolitan area, or
3. The number of telephone calls per month to the county containing the largest city of the standard metropolitan area from the contiguous county is four or more times the number of subscribers in the contiguous county.

In New England, the city and town are administratively more important than the county, and data are compiled locally for such minor civil divisions . . .

*Central cities.* Although there may be several cities of 50,000 or more in a standard metropolitan area, not all are necessarily central cities. The largest city in a standard metropolitan area is the principal central city. Any other city of 25,000 or more within a standard metropolitan area, and having a population amounting to one-third or more of the population of the principal city, is also a central city. However, no more than three cities have been defined as central cities of any standard metropolitan area.

Source: *United States Census of Population, 1950, Number of Inhabitants*, Washington, Bureau of the Census, 1952, p. xxxiii.

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